

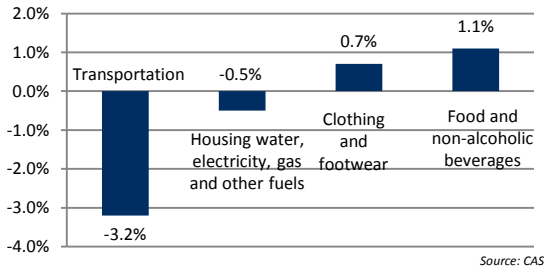
Lebanon Inflation Watch – September 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.3% MoM in September 2015:

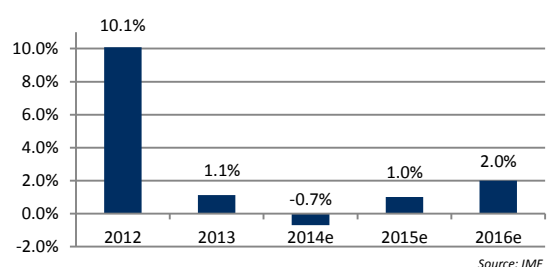
Lebanon's Consumer Price Index down -0.3% MoM from 96.4 in August 2015 to 96.1 in September 2015 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest drivers MoM were transportation which decreased -3.2% and housing water, electricity, gas and other fuels which decreased -0.5% while clothing and footwear increased +0.7% and food and non-alcoholic beverages increased +1.1%. The cost of transportation was the major driver of the index, as it represents 13.1% of the index's weight and changed more over the August-September period than any other component. Other components of the index decreased like furnishings, household equipment and routine household down -0.5%, communication down -0.1% and health down -0.1% while alcoholic beverages, tobacco up +0.1%, miscellaneous goods & services up +0.1% and recreation, amusement, and culture up +0.4%. Education and restaurant & hotels remained unchanged.

CPI Main Drivers MoM: September 2015



Annual Inflation: 2012a-2016e



According to the IMF, inflation in Lebanon was +10.1% for 2012 and +1.1% for 2013, and is estimated at -0.7% for 2014, +1.0% for 2015 and +2.0% for 2016 (using end of period prices).

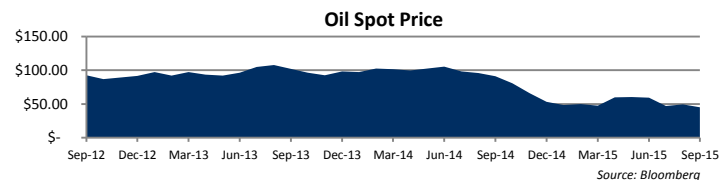
MONEY SUPPLY IN LEBANON

M3 was up +0.6% MoM to 183,185 billion Lebanese pounds (USD 121.5 billion) in August 2015 and was up +5.1% YoY from 174,302 billion Lebanese pounds (USD 115.6 billion) in August 2014. M3, a benchmark for broad money, is the sum of currency in circulation, sight and time deposits in Lebanese pounds and deposits in foreign currencies and other financial liabilities.

INTERNATIONAL FACTORS TO WATCH

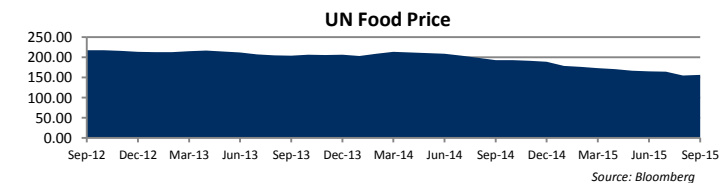
OIL SPOT PRICE

WTI Cushing spot price decreased -8.4% MoM and -50.5% YoY to \$45.09 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -10.7% MoM and -48.9% YoY to \$48.37 per barrel. Crude oil remained weak driven by increase in production, inventory build-up, lower seasonal demand, challenging global conditions and a rising dollar.



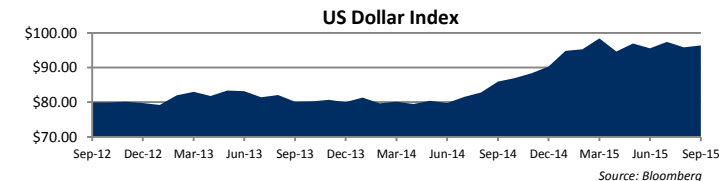
UN FOOD PRICE

UN Food Price Index increased +0.8% MoM yet declined -18.9% YoY to 156.31. The UN Food Price Index measures the prices of global food staples. After progressive declines in the past 18 months, the index edged higher in September as both sugar and dairy price indices slightly increased while other food indices remained unchanged.



US DOLLAR INDEX

US Dollar Index increased +0.5% MoM and +12.1% YoY to \$96.4. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. Despite softer jobs and inflation reports, the US currency gained as Yellen and other Fed members kept the 2015 rate hike a possibility.



Lebanon December 2013 =100	Monthly Change	September 2015 Index	August 2015 Index	Weights
Food and non-alcoholic beverages	1.1%	99.8	98.7	20.6
Alcoholic beverages, tobacco	0.1%	111.2	111.2	1.6
Clothing and footwear	0.7%	110.4	109.6	5.4
Housing water, electricity, gas and other fuels	-0.5%	94.8	95.2	28.5
Furnishings, household equipment and routine household maintenance	-0.5%	101.7	102.2	3.7
Health	-0.1%	94.6	94.7	7.8
Transportation	-3.2%	86.9	89.8	13.1
Communication	-0.1%	75.9	75.9	4.6
Recreation, amusement, and culture	0.4%	101.4	101.0	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.0%	104.6	104.6	2.6
Miscellaneous goods & services	0.1%	102.8	102.7	4.0
Consumer Price Index	-0.3%	96.1	96.4	100.0

Source: CAS

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