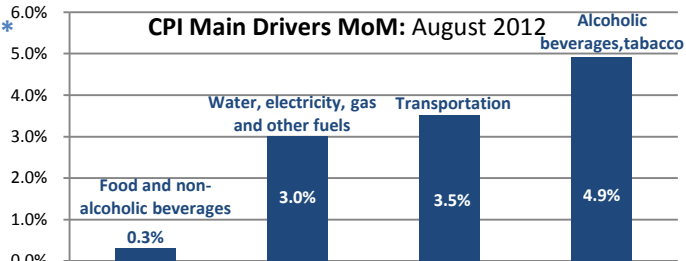
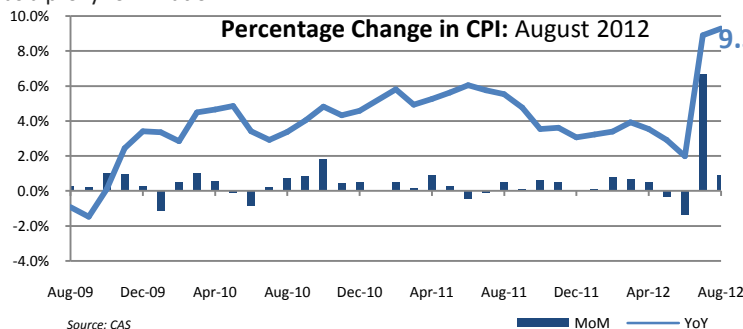


LEBANON INFLATION WATCH: August 2012

LEBANON'S CONSUMER PRICE INDEX (CPI) up 9.3%* YoY in August 2012:

August 2012 saw Lebanon's Consumer Price Index increase 9.3%* YoY from 116.2 in August 2011 to 127.0 in August 2012. The index increased 0.9% MOM from 125.9 in July 2012. 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.



Source: CAS

*Housing adjusted in July 2012 and not revised for the prior three years overstates YoY calculations.

According to the IMF, the inflation in Lebanon is estimated at 3.1% for 2011, 4.5% for 2012 and 2.0% for the following four years until 2016.

The biggest changers were alcoholic beverages, tobacco, which increased 4.9% MoM from July 2012, transportation which increased 3.5%, water, electricity, gas and other fuels which increased 3.0% and food and non-alcoholic beverages which increased 0.3%. The cost of transportation was the major driver of the index, as it represents 12.3% of the index's weight and changed more over the July-August period than any other component. Other components of the index also changed, like health up 0.4%, furnishings, household equipment and routine household maintenance up 0.2%, restaurant and hotels up 0.2%, miscellaneous goods & services up 0.2% and recreation, amusement and culture up 0.1%. Clothing and footwear, housing, communication and education remained unchanged.

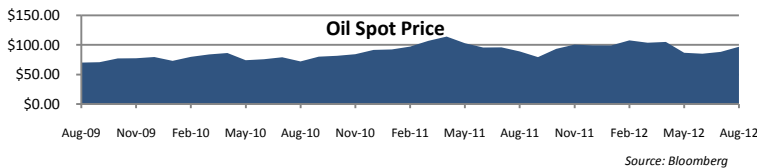
MONEY SUPPLY IN LEBANON

M3 increased by 0.1% MoM to 151,510 billion Lebanese pounds (USD 100.5 billion) in July 2012 and was up 6.2% YoY from 142,692 billion Lebanese pounds (USD 94.7 billion) in July 2011. 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

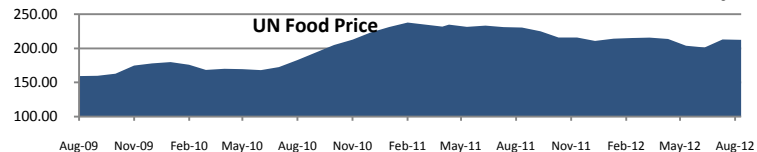
WTI Cushing Spot Price increased 9.8% MoM to \$96.7 per barrel from \$88.1 per barrel in July 2012. YoY, it increased 8.9%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 9.8% MoM but decreased -0.7% YoY to \$114.1 per barrel.



Source: Bloomberg

UN FOOD PRICE

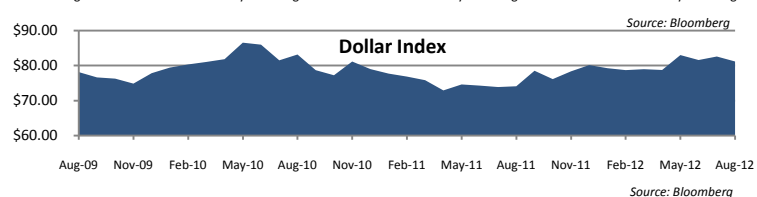
UN Food Price Index is down -0.3% MoM to 212.6 from 213.2 in July 2012 and down -7.8% YoY. The UN Food Price Index measures the prices of global food staples.



Source: Bloomberg

DOLLAR INDEX

Dollar Index is down -1.7% MoM to \$81.2 from \$82.6 in July 2012 but up 9.6% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



Source: Bloomberg

SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED AUG-12

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	
LEBANON CONSUMER PRICE INDEX	0.8%	0.7%	0.5%	-0.3%	-1.3%	6.6%	0.9%	9.3%*
Food and non-alcoholic beverages	0.6%	0.8%	0.5%	0.3%	-1.6%	1.0%	0.3%	5.5%
Alcoholic beverages, tobacco	-0.4%	0.3%	0.0%	0.0%	0.0%	0.1%	4.9%	16.4%
Clothing and footwear	0.1%	0.5%	0.8%	0.5%	-0.3%	0.1%	0.0%	5.6%
Housing*	0.0%	0.0%	0.0%	0.0%	0.0%	44.1%	0.0%	44.1%
Water, electricity, gas and other fuels	1.1%	0.6%	-0.7%	-1.5%	-3.6%	5.9%	3.0%	4.2%
Furnishings, household equipment and routine household maintenance	0.2%	0.3%	0.2%	0.0%	0.0%	0.0%	0.2%	1.8%
Health	0.7%	0.1%	0.0%	0.1%	-1.4%	-0.2%	0.4%	-2.4%
Transportation	3.2%	3.2%	2.9%	-2.2%	-4.6%	-2.1%	3.5%	-0.5%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.2%	0.1%	0.0%	0.1%	0.9%	0.0%	0.1%	5.3%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%
Restaurant & hotels	1.3%	0.2%	0.3%	0.0%	0.3%	0.9%	0.2%	5.3%
Miscellaneous goods & services	1.1%	0.1%	0.5%	0.7%	0.1%	0.0%	0.2%	3.8%

*Housing adjusted in July 2012 and not revised for the prior three years overstates YoY calculations.

Source: CAS

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