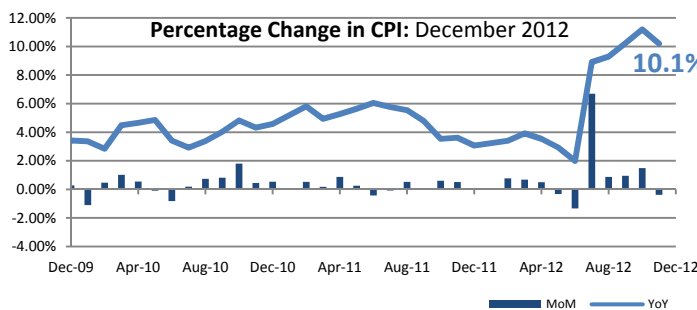


LEBANON INFLATION WATCH: December 2012

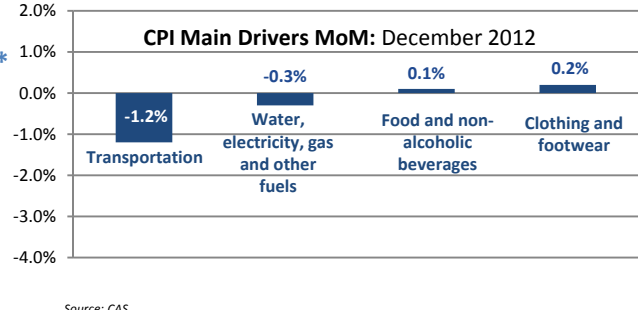
LEBANON'S CONSUMER PRICE INDEX (CPI) up 10.1%* YoY in December 2012:

December 2012 saw Lebanon's Consumer Price Index increase 10.1%* YoY from 117.6 in December 2011 to 129.5 in December 2012. The index decreased -0.1% MOM from 129.6 in November 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.

FFA estimate for inflation excluding housing was 4.8% on a YoY basis in December 2012.



Source: CAS



Source: CAS

*Housing adjusted in July 2012 and not revised for the prior three years overstates YoY calculations. FFA estimate for inflation excluding housing was 4.8% on a YoY basis in December 2012.

According to the IMF, the inflation in Lebanon is estimated at 3.1% for 2011, 10.1% for 2012 and 2.0% for the following four years until 2016.

The biggest changers were clothing and footwear which increased 0.2%, food and non-alcoholic beverages which increased 0.1%, water, electricity, gas and other fuels which decreased -0.3%, transportation which decreased -1.2% MoM. 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 December-November period than any other component. Other components of the index also changed like restaurant and hotels up 0.6%, furnishings, household equipment and routine household maintenance up 0.2%, alcoholic beverages, tobacco up 0.1%, recreation, amusement and culture up 0.1%, miscellaneous goods & services up 0.1%. Housing, health, communication and education remained unchanged.

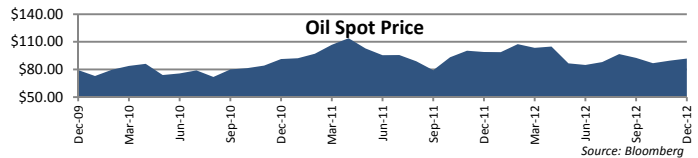
MONEY SUPPLY IN LEBANON

M3 increased by 0.5% MoM to 155,111 billion Lebanese pounds (USD 102.9 billion) in November 2012 and was up 6.8% YoY from 145,206 billion Lebanese pounds (USD 96.3 billion) in November 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

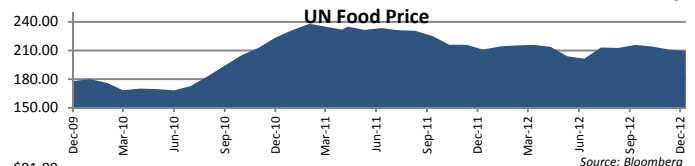
WTI Cushing Spot Price increased 2.6% MoM to \$91.8 per barrel from \$89.5 per barrel in November 2012. YoY, it decreased -7.3%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -0.1% MoM but increased 3.5% YoY to \$111.1 per barrel.



Source: Bloomberg

UN FOOD PRICE

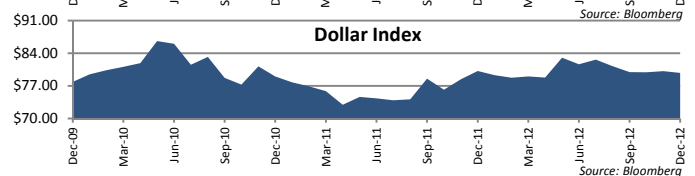
UN Food Price Index was down -0.8% MoM to 209.3 from 210.9 in November 2012 and down -0.8% YoY. The UN Food Price Index measures the prices of global food staples.



Source: Bloomberg

DOLLAR INDEX

Dollar Index was down -0.5% MoM to \$79.7 and -0.5% 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 DEC-12

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	
LEBANON CONSUMER PRICE INDEX	-1.3%	6.6%	0.9%	0.9%	1.5%	-0.3%	-0.1%	10.1%*
Food and non-alcoholic beverages	-1.6%	1.0%	0.3%	0.6%	1.2%	0.2%	0.1%	4.2%
Alcoholic beverages, tobacco	0.0%	0.1%	4.9%	2.7%	-0.2%	0.5%	0.1%	8.3%
Clothing and footwear	-0.3%	0.1%	0.0%	0.2%	1.2%	0.4%	0.2%	4.3%
Housing*	0.0%	44.1%	0.00%	0.00%	0.0%	0.0%	0.0%	44.1%
Water, electricity, gas and other fuels	-3.6%	5.9%	3.0%	2.6%	0.1%	-0.3%	-0.3%	6.6%
Furnishings, household equipment and routine household maintenance	0.0%	0.0%	0.2%	0.1%	0.1%	0.0%	0.2%	1.4%
Health	-1.4%	-0.2%	0.4%	0.3%	1.1%	0.0%	0.0%	-0.2%
Transportation	-4.6%	-2.1%	3.5%	3.7%	-1.3%	-3.2%	-1.2%	2.3%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.9%	0.0%	0.1%	0.1%	4.3%	0.0%	0.1%	6.0%
Education	0.0%	0.0%	0.0%	0.0%	14.5%	0.0%	0.0%	14.5%
Restaurant & hotels	0.2%	0.9%	0.2%	0.1%	0.3%	0.0%	0.6%	4.5%
Miscellaneous goods & services	0.1%	0.0%	0.2%	0.3%	0.0%	0.2%	0.1%	3.4%

*Housing adjusted in July 2012 and not revised for the prior three years overstates YoY calculations. FFA estimate for inflation excluding housing was 4.8% on a YoY basis in December 2012.

Source: CAS

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