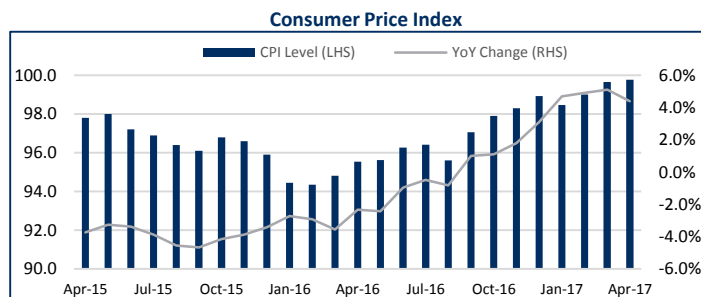


Economics Research – Lebanon Inflation Watch – April 2017

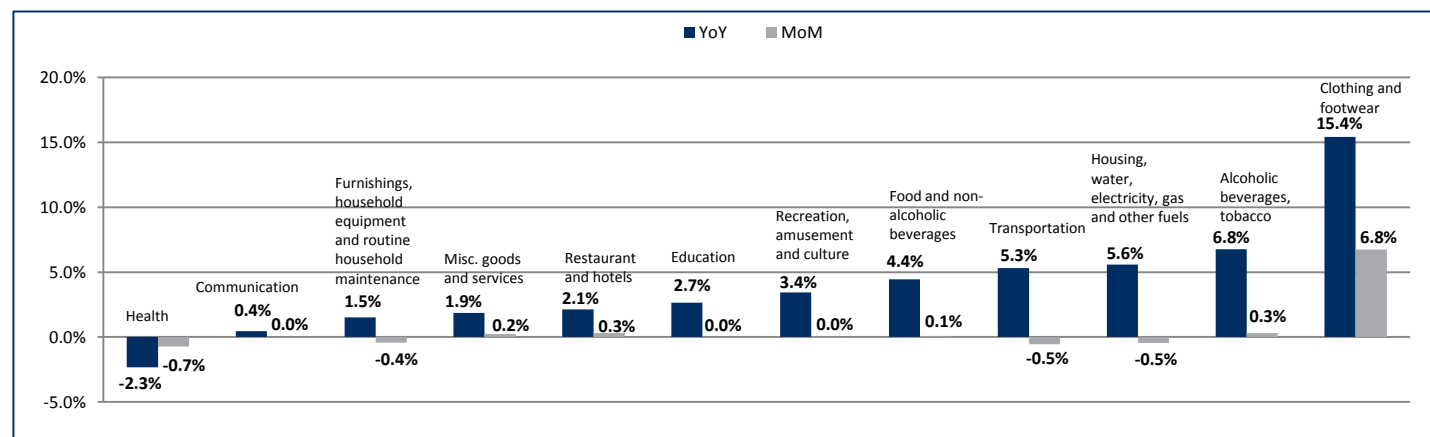
LEBANON'S CONSUMER PRICE INDEX (CPI) up +4.4% YoY in April 2017:

Lebanon's Consumer Price Index up +4.4% YoY to 99.77 in April 2017 from 95.53 in April 2016 and +0.1% MoM from 99.66 in March 2017 (according to a revised version from CAS). The biggest drivers YoY were housing, water, electricity, gas and other fuels which increased +5.6% (-0.5% MoM), food and non-alcoholic beverages up +4.4% (+0.1% MoM), clothing and footwear up +15.4% (+6.8% MoM) and health which decreased -2.3% (-0.7% MoM).

According to the IMF, inflation in Lebanon was +4.8% in 2013, +1.8% in 2014, -3.7% in 2015 and estimated at -0.8% in 2016 and +2.6% in 2017 (using average consumer prices).



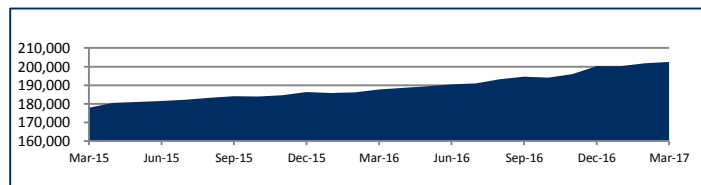
Change in CPI Components: April 2017



MONEY SUPPLY IN LEBANON

M3 increased +7.8% YoY and +0.3% MoM to LBP 202,418 billion (USD 134.3 billion) in March 2017. 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. Net foreign assets were up +8.4% YoY (+0.3% MoM), net claims on public sector were up +3.4% YoY (-0.5% MoM) and claims on private sector were up +5.2% YoY (+0.3% MoM).

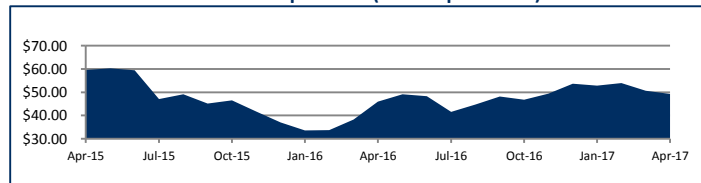
Money Supply in Lebanon (Billion LBP)



CRUDE OIL SPOT PRICE

WTI Cushing spot price rose +7.4% YoY yet decreased -2.5% MoM to \$49.33 per barrel in April 2017. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased +7.5% YoY yet was down -2.1% MoM to \$51.73 per barrel. Oil prices weakened in April on oversupply concerns resulting from rising US oil rigs and crude inventories offsetting gains following news that OPEC and non-OPEC members might extend supply cut agreement for another six months during OPEC meeting in May.

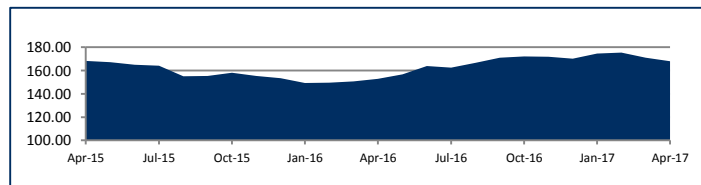
Crude Oil Spot Price (Dollars per Barrel)



UN FOOD PRICE INDEX

UN Food Price Index rose +9.9% YoY in April 2017 to 168.01 from 152.83 in April 2016 yet decreased -1.8% from its March value. The UN Food Price Index measures the price of global food staples. The price of dairy was up +44.1% YoY (-3.3% MoM) followed by the price of meat up +11.3% (+1.7% MoM), sugar up +8.4% (-9.1% MoM) while the price of cereals was down -2.5% (-1.2% MoM) and vegetable oils down -3.2% (-3.9% MoM).

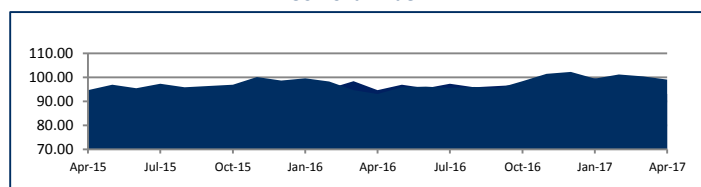
UN Food Price Index



US DOLLAR INDEX

US Dollar Index was up +6.4% YoY yet decreased -1.3% MoM to \$99.05 in April 2017. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The US Dollar Index ended the month lower in April on weaker-than-expected US macro data, comments from US President Trump that greenback is getting too strong as well as uncertainty around the implementation of fiscal and tax reforms.

US Dollar Index





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