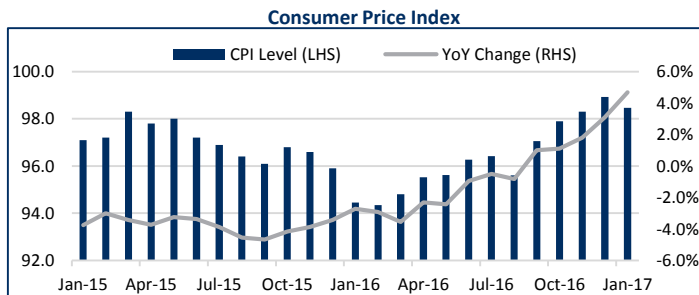


Economics Research – Lebanon Inflation Watch – January 2017

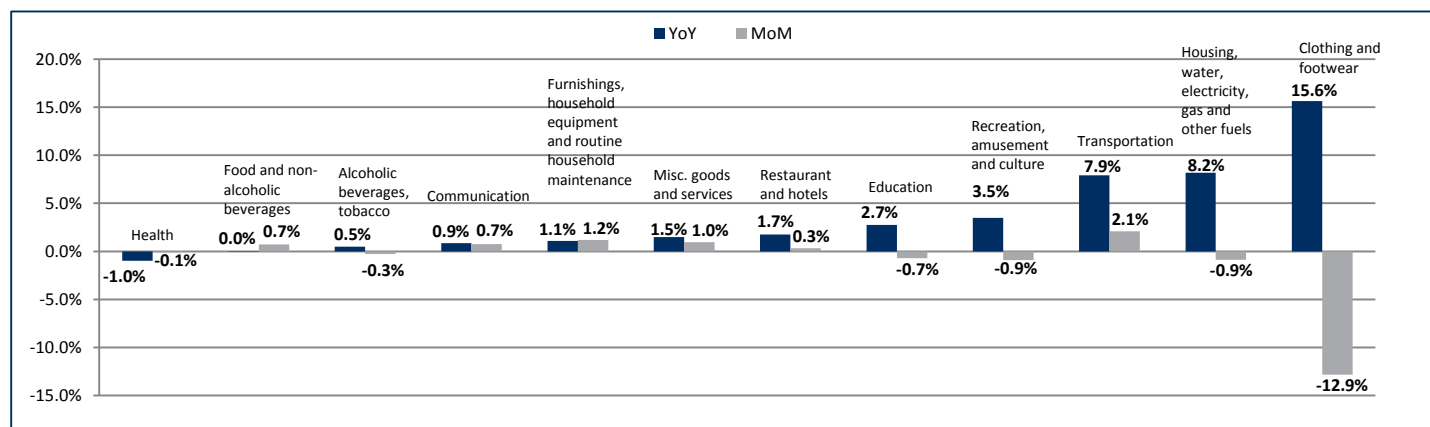
**LEBANON'S CONSUMER PRICE INDEX (CPI) up +4.7% YoY in January 2017:**

Lebanon's Consumer Price Index up +4.7% YoY to 98.47 in January 2017 from 94.07 in January 2016 yet decreased -0.5% MoM from 98.93 in December 2016 (according to a revised version from CAS). The biggest drivers YoY were housing, water, electricity, gas and other fuels which increased +8.2% (-0.9% MoM), transportation which increased +7.9% (+2.1% MoM), clothing and footwear which increased +15.6% (-12.9% MoM) and health which decreased -1.0% (-0.1% MoM).

According to the IMF, inflation in Lebanon was +4.8% in 2013, +1.8% in 2014, -3.7% in 2015 and estimated at -0.7% in 2016 and +2.0% in 2017 (using average consumer prices).

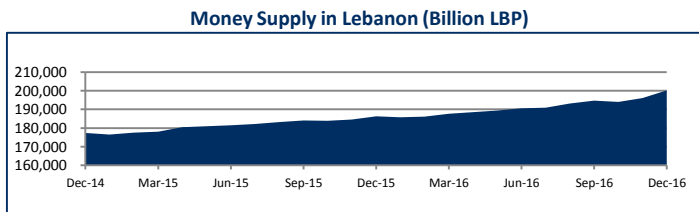


**Change in CPI Components: January 2017**



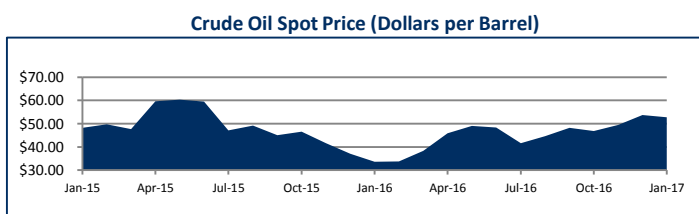
**MONEY SUPPLY IN LEBANON**

M3 increased +7.4% YoY and +2.1% MoM to LBP 200,192 billion (USD 132.8 billion) in December 2016. 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 +6.7% YoY (+2.0% MoM), net claims on public sector were down -2.3% YoY (-9.1% MoM) and claims on private sector were up +5.9% YoY (+0.7% MoM).



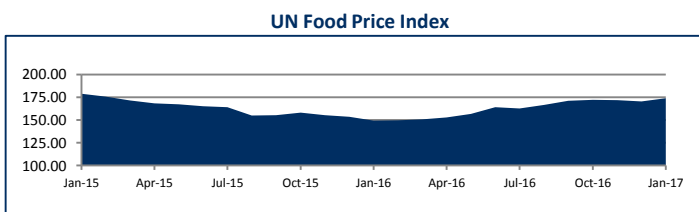
**CRUDE OIL SPOT PRICE**

WTI Cushing spot price surged +57.1% YoY yet decreased -1.7% MoM to \$52.81 per barrel in January 2017. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price was up +60.3% YoY yet down -2.0% to \$55.70 per barrel. Oil prices were lower in January on doubts around OPEC and non-OPEC compliance to oil supply cuts agreed in December. Larger US oil inventories and rig counts throughout the month also weighed on prices.



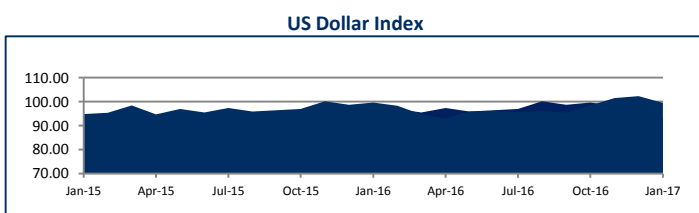
**UN FOOD PRICE INDEX**

UN Food Price Index increased +16.4% YoY in January 2017 to 173.84 from 149.34 in January 2016 and +2.2% MoM from its December value. The UN Food Price Index measures the price of global food staples. The price of sugar was up +44.7% YoY (+9.9% MoM) followed by the price of vegetable oils up +33.9% (+1.8% MoM), dairy up +33.0% (+0.2% MoM), meat up +7.9% (-0.1% MoM) while the price of cereals was down -1.4% (+3.4% MoM).



**US DOLLAR INDEX**

US Dollar Index was down -0.1% YoY and -2.6% MoM to \$99.51 in January 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 weakened in January on concerns about Trump's protectionist trade policies and uncertainty around fiscal and regulatory reforms despite stronger US macro data and hawkish comments from Fed officials.





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