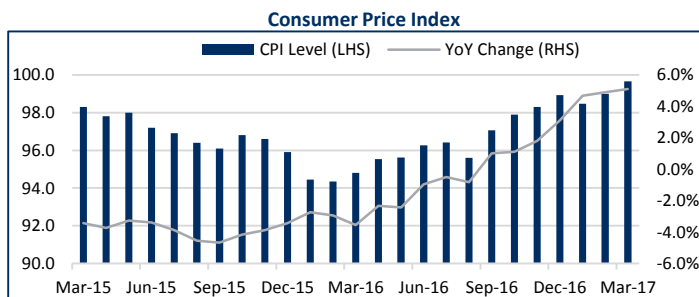


Economics Research – Lebanon Inflation Watch – March 2017

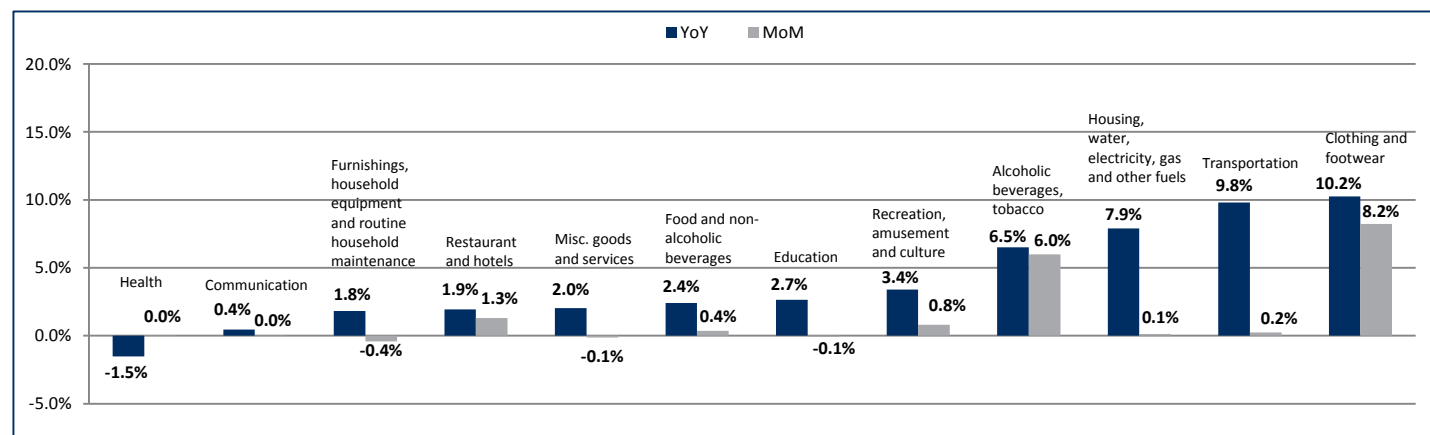
**LEBANON'S CONSUMER PRICE INDEX (CPI) up +5.1% YoY in March 2017:**

Lebanon's Consumer Price Index up +5.1% YoY to 99.66 in March 2017 from 94.81 in March 2016 and +0.7% MoM from 99.00 in February 2017 (according to a revised version from CAS). The biggest drivers YoY were housing, water, electricity, gas and other fuels which increased +7.9% (+0.1% MoM), transportation which increased +9.8% (+0.2% MoM), clothing and footwear which increased +10.2% (+8.2% MoM) and health which decreased -1.5% (flat 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).

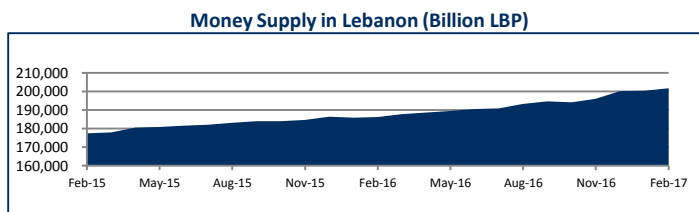


**Change in CPI Components: March 2017**



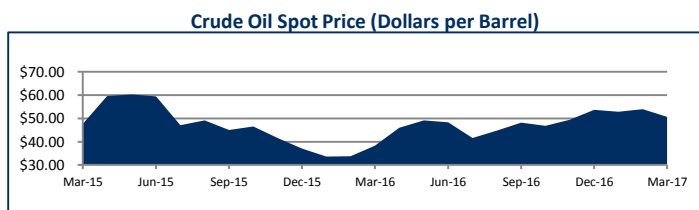
**MONEY SUPPLY IN LEBANON**

M3 increased +8.4% YoY and +0.7% MoM to LBP 201,755 billion (USD 133.8 billion) in February 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 +7.4% YoY (+2.3% MoM), net claims on public sector were up +5.6% YoY (+0.2% MoM) and claims on private sector were up +5.7% YoY (+0.4% MoM).



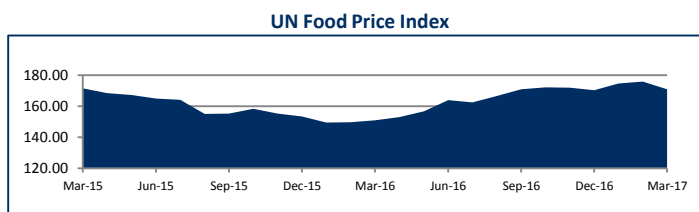
**CRUDE OIL SPOT PRICE**

WTI Cushing spot price rose +32.0% YoY yet decreased -6.3% to \$50.60 per barrel in March 2017. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased +33.4% YoY yet was down -5.0% MoM to \$52.83 per barrel. Oil prices ended the month lower on oversupply concerns following record-high US crude inventories as well as higher US oil rig count, despite IEA report estimating an oil market deficit in H1 2017 should OPEC and non-OPEC members comply with production levels agreed in November 2016.



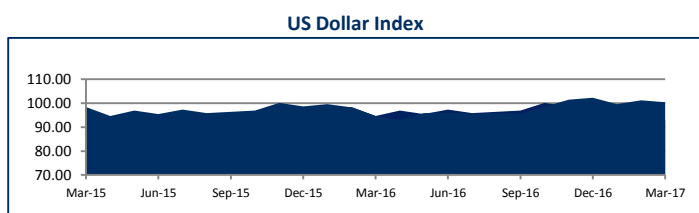
**UN FOOD PRICE INDEX**

UN Food Price Index rose +13.4% YoY in March 2017 to 170.96 from 150.77 in March 2016 yet decreased -2.8% from its February value. The UN Food Price Index measures the price of global food staples. The price of dairy was up +45.7% YoY (-2.3% MoM) followed by the price of sugar up +17.1% (-10.9% MoM), meat up +11.9% (+0.7% MoM), vegetable oils up +4.9% (-6.2% MoM) and cereals up +0.1% (-1.8% MoM).



**US DOLLAR INDEX**

US Dollar Index was up +6.1% YoY yet decreased -0.8% MoM to \$100.35 in March 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 declined in March following US Fed decision to raise interest rates while rate hike outlook for 2017 was perceived as dovish. Concerns over US President Trump's ability to deliver campaign promises following health care reform setback and softer US macro data also weighed on US dollar.





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