

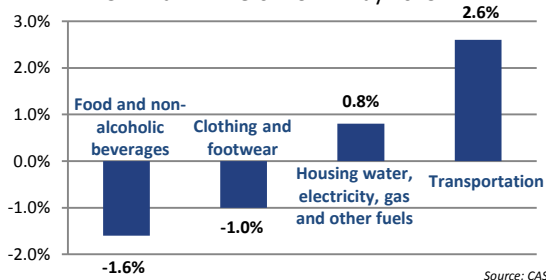
LEBANON INFLATION WATCH: May 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) up +0.2% MoM in May 2015:

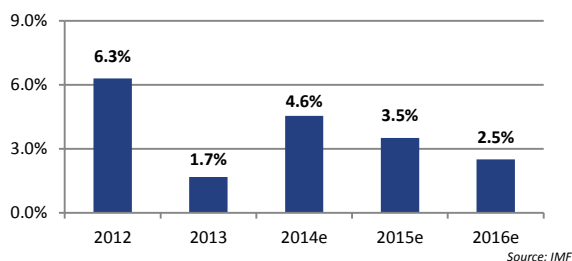
Lebanon's Consumer Price Index up +0.2% MoM from 97.8 in April 2015 to 98.0 in May 2015 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest drivers MoM were transportation which increased +2.6%, housing water, electricity, gas and other fuels which increased +0.8%, clothing and footwear which decreased -1.0% and food and non-alcoholic beverages which decreased -1.6%. The cost of transportation was the major driver of the index, as it represents 13.1% of the index's weight and changed more over the April-May period than any other component. Other components of the index increased like restaurant & hotels up +0.4%, furnishings, household equipment and routine household maintenance up +0.3%, recreation, amusement, and culture up +0.2%, alcoholic beverages, tobacco up +0.1%, miscellaneous goods & services up +0.1% while communication down -0.2% and health down -0.7%. Education remained unchanged.

CPI Main Drivers MoM: May 2015



Annual Inflation: 2012a-2016e



According to the IMF, inflation in Lebanon was +6.3% for 2012 and +1.7% for 2013, and is estimated at +4.6% for 2014, +3.5% for 2015 and +2.5% for 2016, (using end of period prices).

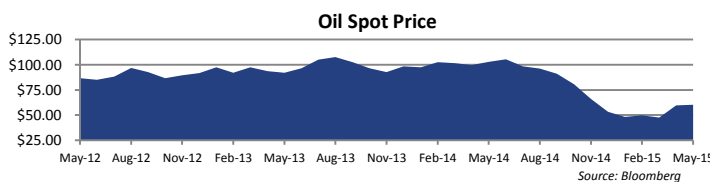
MONEY SUPPLY IN LEBANON

M3 was up +1.4% MoM to 180,523 billion Lebanese pounds (USD 119.7 billion) in April 2015 and was up +5.6% YoY from 170,990 billion Lebanese pounds (USD 113.4 billion) in April 2014. 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

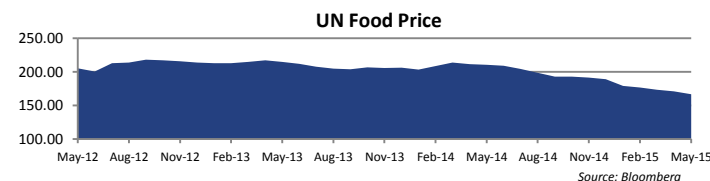
OIL SPOT PRICE

WTI Cushing spot price increased +1.1% MoM yet down -41.3% YoY to \$60.30 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -1.8% MoM and -40.1% YoY to \$65.56 per barrel. Despite the strengthening USD, WTI crude oil prices increased MoM driven by a decline in inventories, a rise in global demand and rising geopolitical tensions in the Middle East.



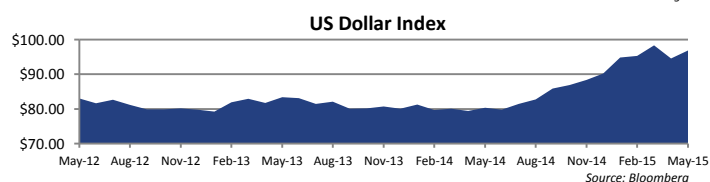
UN FOOD PRICE

UN Food Price Index declined further -2.5% MoM and -20.7% YoY to 166.79. The UN Food Price Index measures the prices of global food staples. The Index declined to a five-year low due to decreases in the price of cereals, dairy and meat products outweighing slight price increases in wheat, sugar and vegetable oil. The drop was supported by abundant inventories, import restrictions and deferred demand due to subdued trade prospects.



US DOLLAR INDEX

US Dollar Index increased +2.4% MoM and +20.6% YoY to \$96.9. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. After reaching a nine-week low, the US Dollar Index recovered on signs of improving labor conditions, stabilizing US economy and an expected rate hike later this year.



Lebanon December 2013 =100	Monthly Change	May 2015 Index	April 2015 Index	Weights
Food and non-alcoholic beverages	-1.6%	99.1	100.7	20.6
Alcoholic beverages, tobacco	0.1%	110.9	110.8	1.6
Clothing and footwear	-1.0%	118.1	119.2	5.4
Housing water, electricity, gas and other fuels	0.8%	98.5	97.7	28.5
Furnishings, household equipment and routine household maintenance	0.3%	102.2	101.9	3.7
Health	-0.7%	94.1	94.7	7.8
Transportation	2.6%	91.5	89.1	13.1
Communication	-0.2%	76.0	76.1	4.6
Recreation, amusement, and culture	0.2%	100.6	100.4	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.4%	104.4	104.0	2.6
Miscellaneous goods & services	0.1%	102.7	102.7	4.0
Consumer Price Index	0.2%	98.0	97.8	100.0

Source: CAS

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