

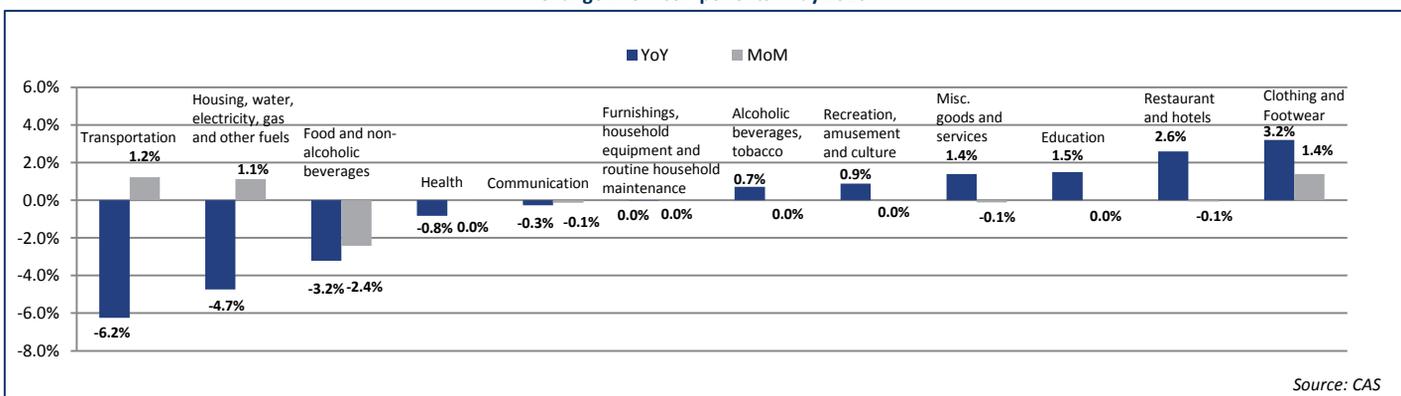
Lebanon Inflation Watch – May 2016

LEBANON'S CONSUMER PRICE INDEX (CPI) down -2.4% YoY in May 2016:

Lebanon's Consumer Price Index down -2.4% YoY to 95.62 in May 2016 from 98.02 in May 2015 and was up +0.1% MoM from 95.53 in April 2016 (according to a 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 YoY were transportation which decreased -6.2% (+1.2% MoM), housing, water, electricity, gas and other fuels which decreased -4.7% (+1.1% MoM), food and non-alcoholic beverages which decreased -3.2% (-2.4% MoM) and clothing and footwear which increased +3.2% (+1.4% MoM). The cost of housing, water, electricity, gas and other fuels and transportation were the major drivers of the index, as they represent 28.5% and 13.1% respectively of the index's weight. Other components of the index also decreased YoY such as health down -0.8% (flat MoM) and communication down -0.3% (-0.1% MoM), while restaurants and hotels was up +2.6% (-0.1% MoM), education was up +1.5% (flat MoM), miscellaneous goods and services was up +1.4% (-0.1% MoM), recreation, amusement and culture was up +0.9% (flat MoM), alcoholic beverages and tobacco was up +0.7% (flat MoM) and furnishings, household equipment and routine household maintenance remained flat YoY and MoM.

According to the IMF, inflation in Lebanon was +1.1% for 2013, -0.7% for 2014 and -3.4% for 2015 and estimated at +2.0% for 2016 and +2.0% for 2017 (using end of period prices).

Change in CPI components: May 2016



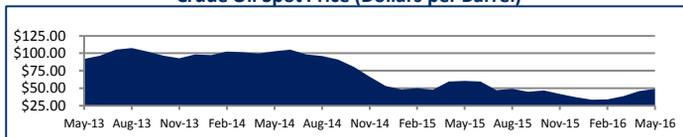
MONEY SUPPLY IN LEBANON

M3 increased +4.5% YoY to LBP 188,606 billion (USD 125.1 billion) in April 2016 from LBP 180,523 billion (USD 119.7 billion) in April 2015 and was up +0.5% MoM from LBP 187,702 billion (USD 124.5 billion) in March 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 down -8.8% YoY (-0.4% MoM), net claims on public sector were up +12.2% YoY (-0.3% MoM) and claims on private sector were up +6.3% YoY (+0.3% MoM).

Money supply in Lebanon (Billion LBP)



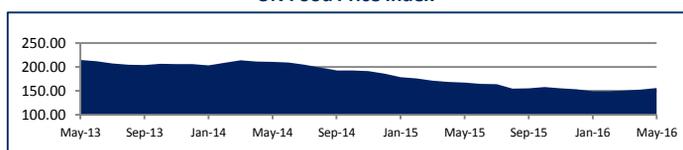
Crude Oil Spot Price (Dollars per Barrel)



CRUDE OIL SPOT PRICE

WTI Cushing spot price decreased -18.6% YoY yet increased +6.9% MoM to \$49.10 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price was down -24.2% YoY yet increased +3.2% MoM to \$49.69 per barrel. Crude oil prices rose in May on supply concerns following output disruptions in Nigeria, Canada, Venezuela and Libya as well as declines in US oil inventories.

UN Food Price Index



UN FOOD PRICE INDEX

UN Food Price Index decreased -6.8% YoY to 155.76 from 167.20 in May 2015 yet increased +2.1% from its April value. The UN Food Price Index measures the prices of global food staples. Dairy was down -23.6% YoY, followed by meat down -12.0%, cereals down -5.3% while sugar was up +27.0% YoY and oil up +6.0% YoY. On a monthly basis, vegetable oil declined for the first time in four months from weaker demand in China, India and Eurozone. In addition, FAO expects prices and supplies to remain stable for the year ahead on solid production prospects and abundant stocks.

US Dollar Index



US DOLLAR INDEX

US Dollar Index decreased -1.0% YoY yet increased +3.0% MoM to \$95.89 in May 2016. 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 was supported by positive US macro data raising the prospect of a second rate hike in June or July, weaker Euro following softer Eurozone data as well as a sell-off in the British Pound triggered by growing Brexit sentiment.



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