

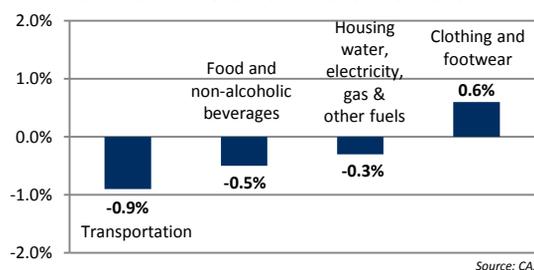
Lebanon Inflation Watch – November 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.2% MoM in November 2015:

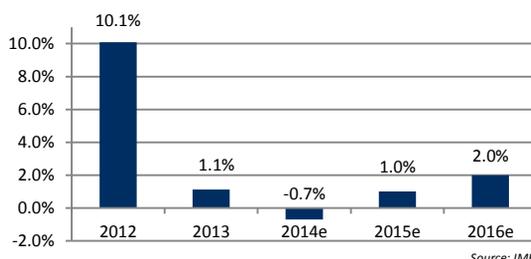
Lebanon's Consumer Price Index down -0.2% MoM to 96.6 in November 2015 from 96.8 in October 2015 (according to revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest drivers MoM were transportation which decreased -0.9%, food and non-alcoholic beverages which decreased -0.5%, housing, water, electricity, gas and other fuels which decreased -0.3%, while clothing and footwear increased +0.6%. The cost of food and non-alcoholic beverages and transportation were the major drivers of the index, as they represent 20.6% and 13.1% respectively of the index's weight and changed more over the October-November period than any other component. Other components of the index decreased like communication down -0.2%, while miscellaneous goods and services was up +0.1% and furnishings, household equipment and routine household maintenance was up +0.3%. Alcoholic beverages, tobacco, health, recreation, amusement and culture, education and restaurants & hotels remained unchanged.

CPI Main Drivers MoM: November 2015



Annual Inflation: 2012a-2016e



According to the IMF, inflation in Lebanon was +10.1% for 2012 and +1.1% for 2013, and is estimated at -0.7% for 2014, +1.0% for 2015 and +2.0% for 2016 (using end of period prices).

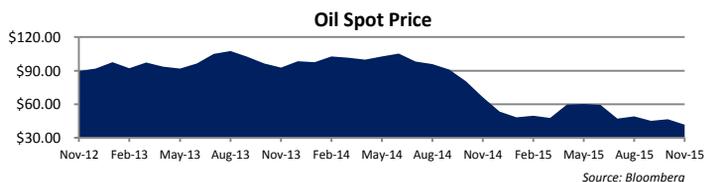
MONEY SUPPLY IN LEBANON

M3 was nearly unchanged MoM to 183,982 billion Lebanese pounds (USD 122.0 billion) in October 2015 and was up +5.2% YoY from 174,904 billion Lebanese pounds (USD 116.0 billion) in October 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

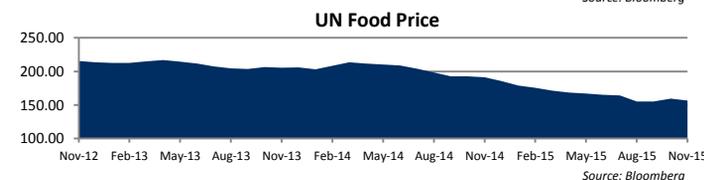
OIL SPOT PRICE

WTI Cushing spot price decreased -10.6% MoM and -37.0% YoY to \$41.65 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -10.0% MoM and -36.4% YoY to \$44.61 per barrel. Oil fell in November as continued global supply glut, stronger US Dollar and weak equity markets pressured prices.



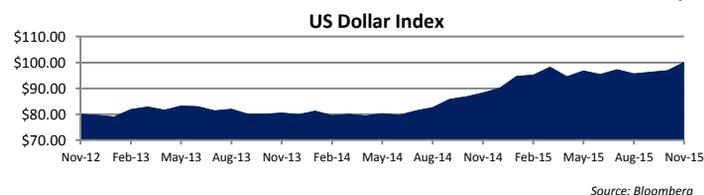
UN FOOD PRICE

UN Food Price Index decreased -1.6% MoM and -18.1% YoY to 156.7. The UN Food Price Index measures the prices of global food staples. Stronger US Dollar and generally abundant supplies weighed on the index. Meat was down -23% YoY, followed by cereals and oils -16% each, dairy -15% and sugar, which despite recent gains was still down -10% YoY.



US DOLLAR INDEX

US Dollar Index increased +3.3% MoM and +13.4% YoY to \$100.2. The US Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The US currency rose as optimism on possibility of Fed beginning to raise interest rates in December encouraged bullish investors to reinvest back in the US Dollar at the expense of riskier EM FX and assets and the Euro as further ECB stimulus measures expanded the divergence in monetary policy.



Lebanon December 2013 =100	Monthly Change	November 2015 Index	October 2015 Index	Weights
Food and non-alcoholic beverages	-0.5%	100.1	100.6	20.6%
Alcoholic beverages, tobacco	0.0%	111.3	111.2	1.6%
Clothing and footwear	0.6%	122.6	121.9	5.4%
Housing water, electricity, gas and other fuels	-0.3%	94.8	95.0	28.5%
Furnishings, household equipment and routine household maintenance	0.3%	102.1	101.7	3.7%
Health	0.0%	94.3	94.3	7.8%
Transportation	-0.9%	85.5	86.2	13.1%
Communication	-0.2%	75.7	75.9	4.6%
Recreation, amusement, and culture	0.0%	100.8	100.8	2.3%
Education	0.0%	106.1	106.1	5.9%
Restaurant & hotels	0.0%	104.7	104.7	2.6%
Miscellaneous goods & services	0.1%	103.0	102.9	4.0%
Consumer Price Index	-0.2%	96.6	96.8	100.0%

Source: CAS



Contacts

Head of Research: Nadim Kabbara, CFA

n.kabbara@ffapivatebank.com +961 1 985195

Analyst: Racha Saadeh Chehab

r.chehab@ffapivatebank.com +961 1 985195

Sales and Trading, FFA Private Bank (Beirut)

+961 1 985225

Sales and Trading, FFA Dubai Ltd (DIFC)

+971 4 3230300

FFA Private Bank s.a.l.

One FFA Gate - Marfaa 128 - Foch Street
Beirut Central District
PO Box 90-1283 - Beirut - Lebanon
Tel: +961.1.985 195
Fax: +961.1.985 193
<http://www.ffapivatebank.com>

FFA Dubai Ltd

Building No 7 - Level 1
Gate Village
Dubai International Financial Centre (DIFC)
PO Box 506567 - Dubai - UAE
Tel: +971.4.363 74 70
Fax: +971.4.363 74 71
<http://www.ffadubai.com>

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