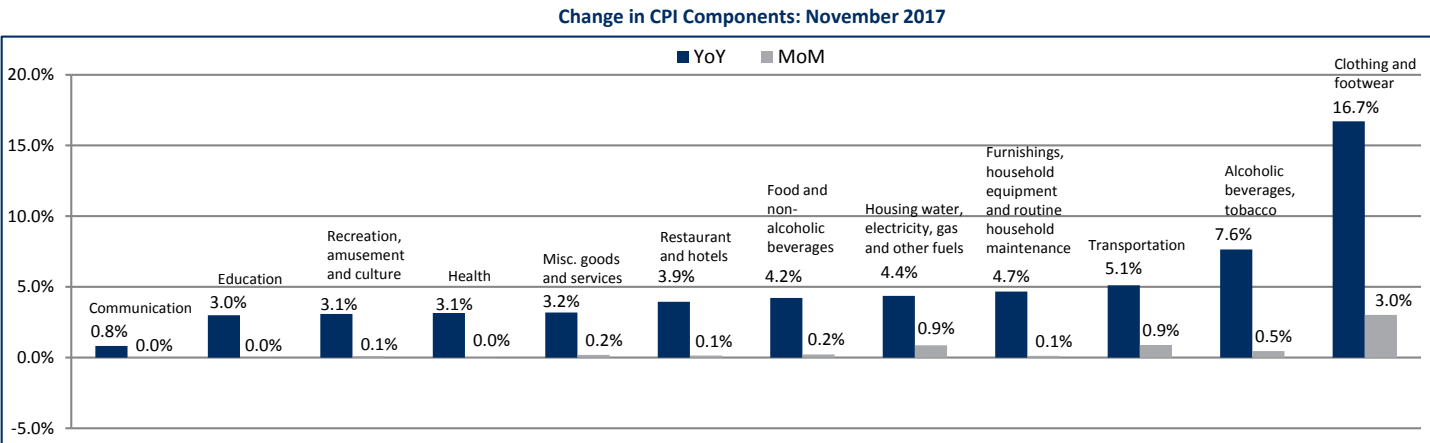
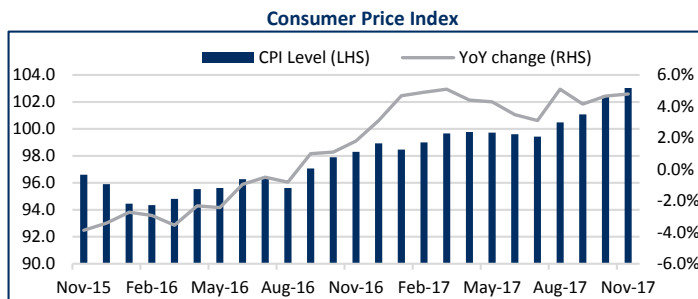


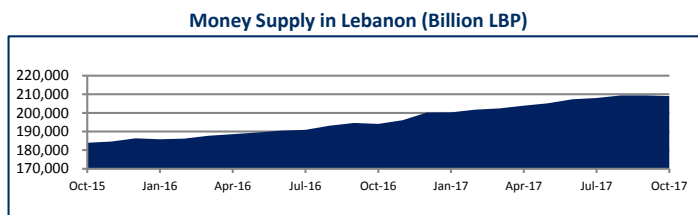
## Economics Research – Lebanon Inflation Watch – November 2017

**LEBANON'S CONSUMER PRICE INDEX (CPI) up +4.8% YoY in November 2017:** Lebanon's Consumer Price Index up +4.8% YoY to 103.03 in November 2017 from 98.32 in November 2016 and +1.6% from 102.46 in October 2017 (according to a revised version from CAS). The biggest drivers YoY were housing water, electricity, gas and other fuels which increased +4.4% (+0.9% MoM), clothing and footwear up +16.7% (+3.0% MoM), food and non-alcoholic beverages up +4.2% (+0.2% MoM) and transportation up +5.1% (+0.9% MoM).

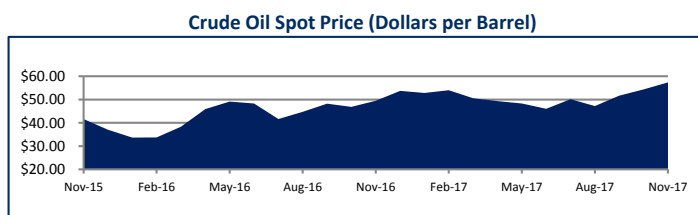
According to the IMF, inflation in Lebanon was at +4.8% in 2013, +1.9% in 2014, -3.7% in 2015, -0.8% in 2016 and projected at +3.1% in 2017 and +2.5% in 2018 (using average consumer prices).



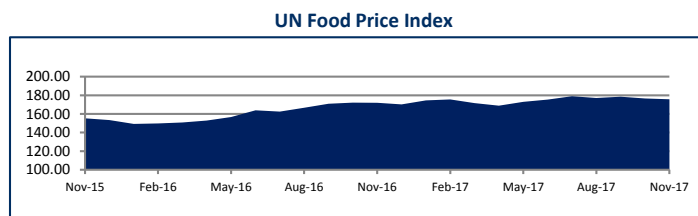
**MONEY SUPPLY IN LEBANON**  
M3 increased +7.7% YoY yet slightly decreased -0.1% MoM at LBP 209,058 billion (USD 138.7 billion) in October 2017. M3, a benchmark for broad money, is the sum of currency in circulation, sight and time deposits in Lebanese pounds and deposits in foreign currencies and other financial liabilities. Net foreign assets were up +2.3% YoY (-3.2% MoM), net claims on public sector were up +2.2% YoY (+0.6% MoM) and claims on private sector were up +6.3% YoY (+0.3% MoM).



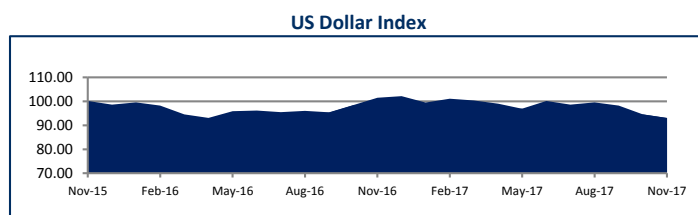
**CRUDE OIL SPOT PRICE**  
WTI Cushing spot price was up +16.1% YoY and +5.6% MoM to \$57.40 per barrel in November 2017. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased +26.0% YoY and +3.6% MoM to \$63.57 per barrel. WTI oil rallied in November following i) OPEC and non-OPEC members agreement to extend oil output cuts until the end of 2018, ii) rising political tensions between Saudi Arabia and Iran which could potentially disrupt oil supply in the region and iii) the shutdown of a major crude pipeline in Canada after a substantial spill.



**UN FOOD PRICE INDEX**  
UN Food Price Index rose +2.3% YoY in November 2017 to 175.82 from 171.93 in November 2016 yet decreased -0.5% from its October value. The UN Food Price Index measures the price of global food staples. The price of dairy was up +9.6% YoY (-4.9% MoM) followed by the price of cereals up +8.3% (+0.3% MoM), meat up +6.1% (-0.1% MoM), while the price of vegetable oils was down -1.9% YoY (-1.2% MoM) and sugar down -25.9% YoY (+4.5% MoM).



**US DOLLAR INDEX**  
US Dollar Index was down -8.3% YoY and -1.6% MoM to \$93.05 in October 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 was weighed by uncertainties around US House vote on tax bill as well as disappointing US macro data including jobs, consumer and business surveys.





## Contacts

### Head of Research: Anna Maria Chaaraoui

a.chaaraoui@ffapivatebank.com

+961 1 985195

### Analyst: Nadine Mezher

n.mezher@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 5 – Office 410

Gate Precinct

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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