

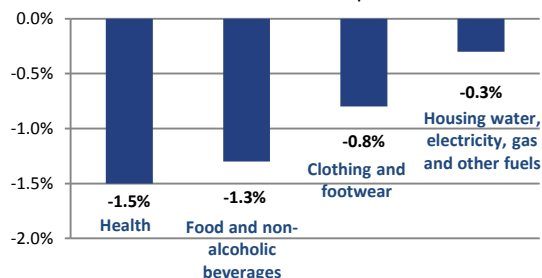
LEBANON INFLATION WATCH: April 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.5% MoM in April 2015:

Lebanon's Consumer Price Index down -0.5% MoM from 98.3 in March 2015 to 97.8 in April 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.

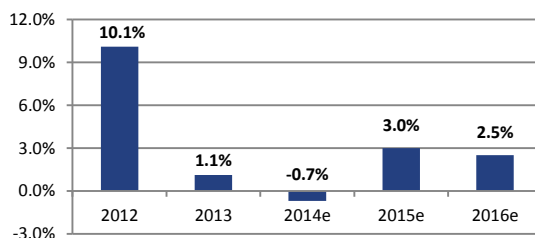
The biggest drivers MoM were health which decreased -1.5%, food and non-alcoholic beverages which decreased -1.3%, clothing and footwear which decreased -0.8%, and housing water, electricity, gas and other fuels which decreased -0.3%. The cost of food and non-alcoholic beverages was the major driver of the index, as it represents 20.6% of the index's weight and changed more over the March-April period than any other component. Other components of the index decreased like furnishings, household equipment and routine household maintenance down -0.1%, recreation, amusement, and culture down -0.1% while transportation up 0.1%, restaurant & hotels up 0.1%, alcoholic beverages, tobacco up 0.2%, miscellaneous goods & services up 0.3%. Communication and education remained unchanged.

CPI Main Drivers MoM: April 2015



Source: CAS

Annual Inflation: 2012a-2016e



Source: IMF

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, 3.0% for 2015 and 2.5% for 2016, (using end of period prices).

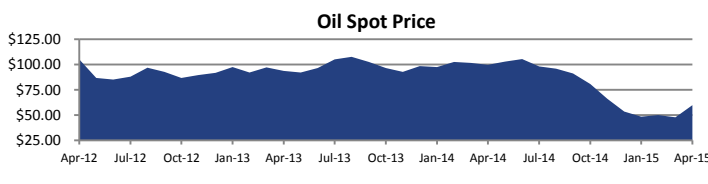
MONEY SUPPLY IN LEBANON

M3 remained almost flat MoM at 177,973 billion Lebanese pounds (USD 118.1 billion) in March 2015 and was up 5.1% YoY from 169,282 billion Lebanese pounds (USD 112.3 billion) in March 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

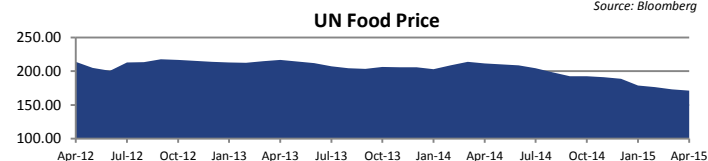
WTI Cushing spot price increased 25.3% MoM yet down -40.2% YoY to \$59.63 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 21.2% MoM yet still down by -48.9% YoY to \$66.78 per barrel. Oil prices rallied in April, biggest monthly gain in six years, from a slowdown in US oil production, geopolitical turmoil in MENA as well as weaker US dollar amid softer macro data justifying a possible later rate hike.



Source: Bloomberg

UN FOOD PRICE

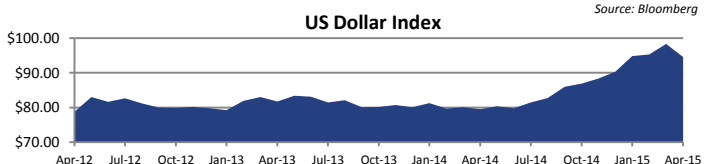
UN Food Price Index declined further -1.2% MoM and -19.2% YoY to 171.0. The UN Food Price Index measures the prices of global food staples. Food prices reached their lowest levels, underpinned by improved crop harvests, surplus inventories and weakening Brazilian currency.



Source: Bloomberg

US DOLLAR INDEX

US Dollar Index decreased -3.8% MoM yet up 19.0% YoY to \$94.6. 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 saw its worst performance in April in four years, driven by weaker US macro data and postponed expectations of higher rates.



Source: Bloomberg

Lebanon December 2013 =100	Monthly Change	April 2015 Index	March 2015 Index	Weights
Food and non-alcoholic beverages	-1.3%	100.7	102.1	20.6
Alcoholic beverages, tobacco	0.2%	110.8	110.6	1.6
Clothing and footwear	-0.8%	119.3	120.2	5.4
Housing water, electricity, gas and other fuels	-0.3%	97.7	98.0	28.5
Furnishings, household equipment and routine household maintenance	-0.1%	101.9	102.0	3.7
Health	-1.5%	94.7	96.2	7.8
Transportation	0.1%	89.1	89.0	13.1
Communication	0.0%	76.1	76.1	4.6
Recreation, amusement, and culture	-0.1%	100.4	100.6	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.1%	104.0	103.9	2.6
Miscellaneous goods & services	0.3%	102.7	102.4	4.0
Consumer Price Index	-0.5%	97.8	98.3	100.0

Source: CAS

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