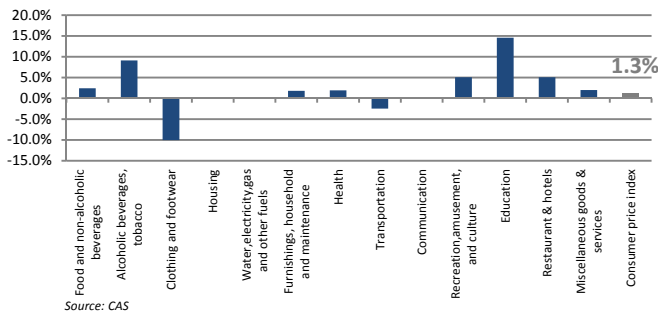


# LEBANON INFLATION WATCH: August 2013

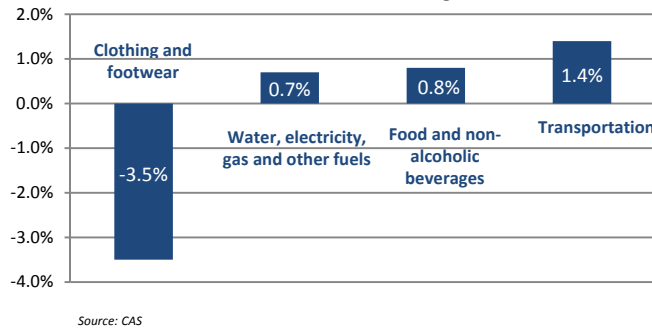
## LEBANON'S CONSUMER PRICE INDEX (CPI) up 1.3% YoY in August 2013:

August 2013 saw Lebanon's Consumer Price Index increase 1.3% YoY from 127.0 in August 2012 to 128.7 in August 2013. The index increased 0.2% MoM from 128.4 in July 2013. 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.

CPI Components YoY: August 2013



CPI Main Drivers MoM: August 2013



According to the IMF, inflation in Lebanon is estimated at 3.1% for 2011, 10.1% for 2012, 2.8% for 2013 and 2.0% for the following three years until 2016.

The biggest changers MoM were transportation which increased 1.4%, food and non-alcoholic beverages which increased 0.8%, water, electricity, gas and other fuels which increased 0.7%, clothing and footwear which decreased -3.5%. The cost of clothing and footwear was the major driver of the index, as it represents 6.2% of the index's weight and changed more over the July-August period than any other component. Other components of the index also changed like health up 0.5%, miscellaneous goods & services up 0.5%, alcoholic beverages, tobacco up 0.3%, recreation, amusement and culture up 0.1%, restaurant and hotels up 0.1%. Housing, furnishings, household equipment and routine household maintenance, communication and education remained unchanged.

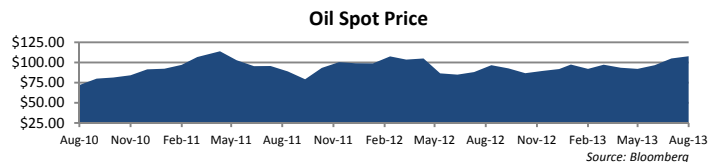
## MONEY SUPPLY IN LEBANON

M3 was stable MoM at 161,796 billion Lebanese pounds (USD 107.3 billion) in July 2013 and was up 6.8% YoY from 151,510 billion Lebanese pounds (USD 100.5 billion) in July 2012. 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

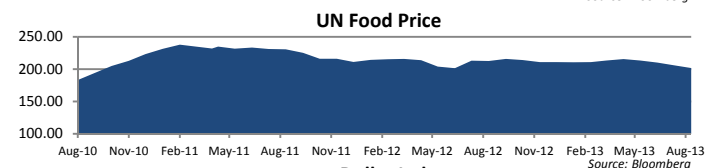
### OIL SPOT PRICE

WTI Cushing Spot Price increased 2.5% MoM to \$107.7 per barrel. YoY, it increased 11.3%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 5.9% MoM. It was stable YoY at \$114.0 per barrel.



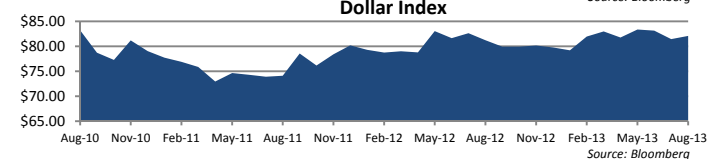
### UN FOOD PRICE

UN Food Price Index was down -2.0% MoM to 201.8 and -5.1% YoY. The UN Food Price Index measures the prices of global food staples.



### DOLLAR INDEX

Dollar Index was up 0.8% MoM to \$82.1 and 1.1% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



	Weights	August 2013 Index	August 2012 Index	Unadjusted CPI YoY August 2013
<b>LEBANON CONSUMER PRICE INDEX</b>	<b>100%</b>	<b>128.7</b>	<b>127.0</b>	<b>1.3%</b>
Food and non-alcoholic beverages	19.9%	138.4	135.1	2.4%
Alcoholic beverages, tobacco	2.1%	138.7	127.1	9.1%
Clothing and footwear	6.2%	108.7	120.9	-10.0%
Housing	16.2%	160.2	160.2	0.0%
Water, electricity, gas and other fuels	9.5%	117.7	117.7	0.0%
Furnishings, household equipment and routine maintenance	3.9%	113.7	111.7	1.8%
Health	6.8%	107.5	105.5	1.9%
Transportation	12.3%	123.6	126.7	-2.5%
Communication	4.8%	86.3	86.3	0.0%
Recreation, amusement and culture	3.7%	118.6	112.8	5.1%
Education	7.7%	150.0	130.9	14.6%
Restaurant & hotels	2.7%	156.0	148.5	5.1%
Miscellaneous goods & services	4.2%	114.9	112.7	2.0%

Source: CAS

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