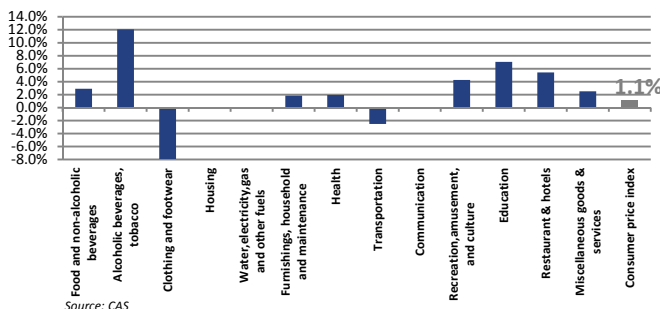


LEBANON INFLATION WATCH: December 2013

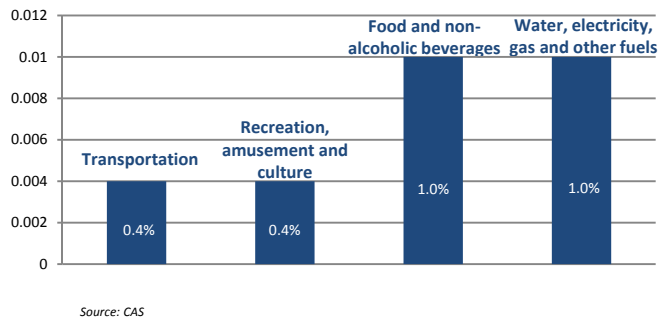
LEBANON'S CONSUMER PRICE INDEX (CPI) up 1.1% YoY in December 2013:

December 2013 saw Lebanon's Consumer Price Index increase 1.1% YoY from 129.5 in December 2012 to 130.9 in December 2013. The index increased 0.4% MoM from 130.4 in November 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: December 2013



CPI Main Drivers MoM: December 2013



According to the IMF, inflation in Lebanon is estimated at 3.1% for 2011, 10.1%* for 2012, 3.5% for 2013, 2.4% for 2014 and 2.5% for 2015 and 2016.

The biggest changers MoM were food and non-alcoholic beverages which increased 1.0%, water, electricity, gas and other fuels which increased 1.0%, transportation which increased 0.4%, and recreation, amusement and culture which increased 0.4%. The cost of food and non-alcoholic beverages was the major driver of the index, as it represents 19.9% of the index's weight and changed more over the November-December period than any other component. Other components of the index also changed like alcoholic beverages, tobacco up 0.2%, furnishings, household equipment and routine household maintenance up 0.2%, restaurant and hotels up 0.2%, miscellaneous goods & services up 0.1%. Clothing and footwear, housing, health, communication and education remained unchanged.

*According to MOF, housing costs, as a component of inflation, were subject to a one-time adjustment in July 2012.

MONEY SUPPLY IN LEBANON

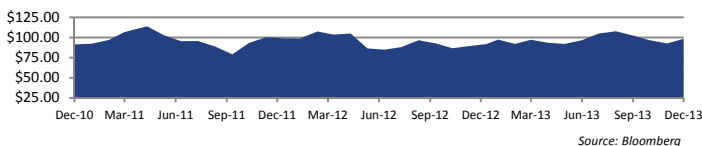
M3 was up 0.3% MoM at 164,827 billion Lebanese pounds (USD 109.3 billion) in November 2013 and was up 6.3% YoY from 155,111 billion Lebanese pounds (USD 102.9 billion) in November 2012. M3, a benchmark for broad money, is the sum of currency in circulation, sight and time deposits in Lebanese pounds and deposits in foreign currencies and other financial liabilities.

INTERNATIONAL FACTORS TO WATCH

OIL SPOT PRICE

WTI Cushing Spot Price increased 6.1% MoM to \$98.4 per barrel. YoY, it increased 7.2%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 1.0% MoM but decreased -0.3% YoY to \$110.8 per barrel.

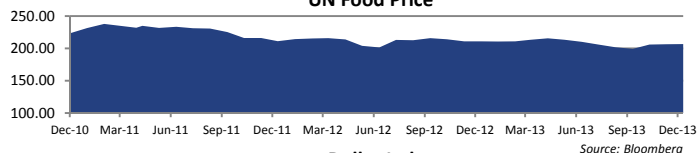
Oil Spot Price



UN FOOD PRICE

UN Food Price Index was up 0.2% MoM to 206.7 but down -2.0% YoY. The UN Food Price Index measures the prices of global food staples.

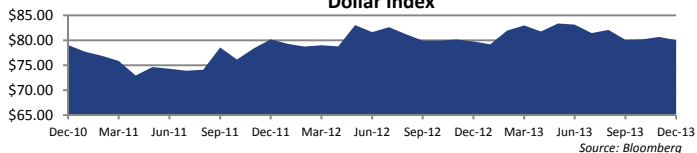
UN Food Price



DOLLAR INDEX

Dollar Index was down -0.8% MoM to \$80.0 but up 0.3% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.

Dollar Index



	Weights	December 2013 Index	December 2012 Index	Unadjusted CPI YoY December 2013
LEBANON CONSUMER PRICE INDEX	100%	130.9	129.5	1.1%
Food and non-alcoholic beverages	19.9%	142.0	138.0	2.9%
Alcoholic beverages, tobacco	2.1%	146.9	131.1	12.1%
Clothing and footwear	6.2%	113.5	123.3	-7.9%
Housing	16.2%	160.2	160.2	0.0%
Water, electricity, gas and other fuels	9.5%	120.2	120.1	0.1%
Furnishings, household equipment and routine maintenance	3.9%	114.2	112.1	1.9%
Health	6.8%	109.0	106.9	2.0%
Transportation	12.3%	120.9	124.1	-2.5%
Communication	4.8%	86.3	86.3	0.0%
Recreation, amusement and culture	3.7%	123.0	118.0	4.3%
Education	7.7%	160.5	149.9	7.0%
Restaurant & hotels	2.7%	158.0	149.9	5.4%
Miscellaneous goods & services	4.2%	116.1	113.2	2.5%

Source: CAS

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