

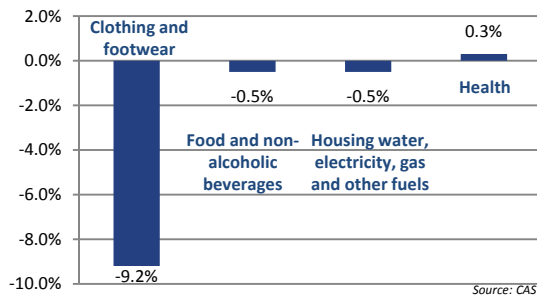
LEBANON INFLATION WATCH: February 2014

LEBANON'S CONSUMER PRICE INDEX (CPI) down -0.7% MoM in February 2014:

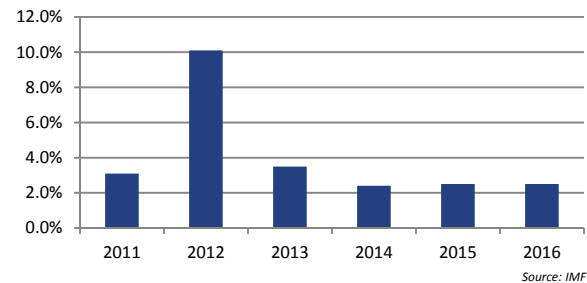
February 2014 saw Lebanon's Consumer Price Index decrease -0.7% MoM from 100.9 in January 2014 to 100.2 in February 2014 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest changers MoM were clothing and footwear which decreased -9.2%, food and non-alcoholic beverages which decreased -0.5%, housing water, electricity, gas and other fuels which decreased -0.5%, health which increased 0.3%. The cost of clothing and footwear was the major driver of the index, as it represents 5.4% of the index's weight and changed more over the January - February period than any other component. Other components of the index also changed like recreation, amusement and culture which increased 0.7%, alcoholic beverages, tobacco up 0.2%, furnishings, household equipment and routine household maintenance up 0.1%, transportation up 0.1%, education up 0.1% restaurant and hotels up 0.1%, miscellaneous goods & services up 0.1%. Communication remained unchanged.

CPI Main Drivers MoM: February 2014



Annual Inflation: 2011-2016



According to the IMF, inflation in Lebanon was 3.1% for 2011 and 10.1% for 2012, and is estimated at 3.5% for 2013, 2.4% for 2014 and 2.5% for 2015 and 2016, (using end of period prices).

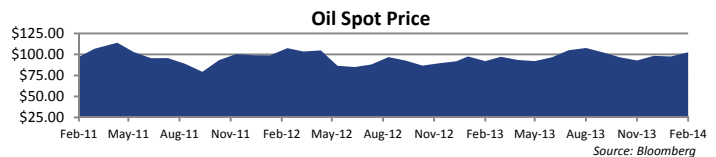
MONEY SUPPLY IN LEBANON

M3 was down -0.2% MoM at 167,232 billion Lebanese pounds (USD 110.9 billion) in January 2014 and was up 6.5% YoY from 156,980 billion Lebanese pounds (USD 104.1 billion) in January 2013. 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

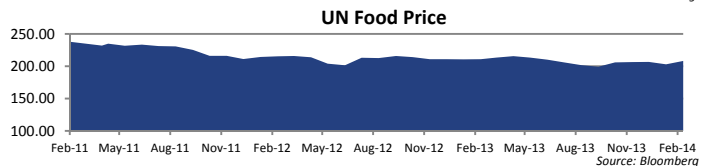
OIL SPOT PRICE

WTI Cushing spot price increased 5.2% MoM to \$102.6 per barrel. YoY, it increased 11.5%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 2.5% MoM but decreased -2.1% YoY to \$109.1 per barrel.



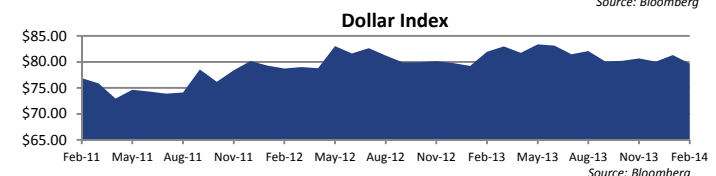
UN FOOD PRICE

UN Food Price Index was up 2.6% MoM to 208.1 but down -1.3% YoY. The UN Food Price Index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index was down -2.0% MoM to \$79.7 and -2.8% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



Lebanon December 2013 =100	Monthly Change	February 2014 Index	January 2014 Index	Weights
Food and non-alcoholic beverages	-0.5%	103.4	104.0	20.6
Alcoholic beverages, tobacco	0.2%	105.6	105.3	1.6
Clothing and footwear	-9.2%	79.8	87.9	5.4
Housing water, electricity, gas and other fuels	-0.5%	101.2	101.7	28.5
Furnishings, household equipment and routine household maintenance	0.1%	100.5	100.4	3.7
Health	0.3%	101.4	101.1	7.8
Transportation	0.1%	99.9	99.8	13.1
Communication	0.0%	100.0	100.0	4.6
Recreation, amusement, and culture	0.7%	101.2	100.5	2.3
Education	0.1%	100.1	100.0	5.9
Restaurant & hotels	0.1%	101.6	101.5	2.6
Miscellaneous goods & services	0.1%	101.0	100.9	4
Consumer Price Index	-0.7%	100.2	100.9	100

Source: CAS

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