

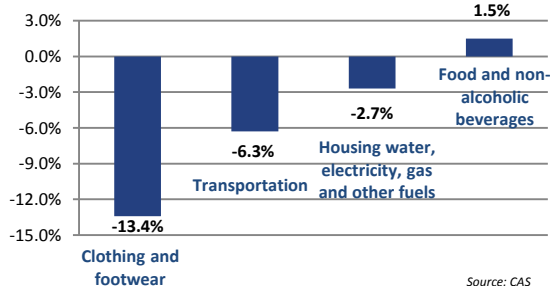
LEBANON INFLATION WATCH: January 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) down -2.2% MoM in January 2015:

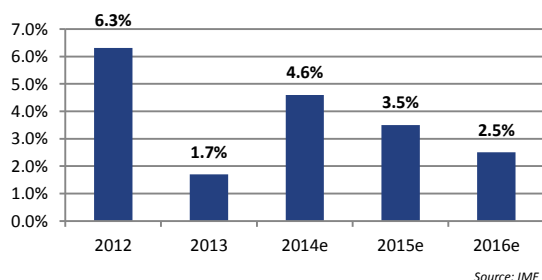
Lebanon's Consumer Price Index decreased -2.2% MoM from 99.3 in December 2014 to 97.1 in January 2015 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest drivers MoM were clothing and footwear which decreased -13.4%, transportation which decreased -6.3%, housing water, electricity, gas and other fuels which decreased -2.7%, and food and non-alcoholic beverages which increased 1.5%. The cost of transportation was the major driver of the index, as it represents 13.1% of the index's weight and changed more over the December-January period than any other component. Other components of the index decreased like health down -0.9%, recreation, amusement, and culture down -0.2% and communication down -0.1% while alcoholic beverages, tobacco up 0.1%, furnishings, household equipment and routine household maintenance up 0.2%, restaurant & hotels up 0.5%, and miscellaneous goods & services up 0.7%. Education remained unchanged.

CPI Main Drivers MoM: January 2015



Annual Inflation: 2012a-2016e



According to the IMF, inflation in Lebanon was 6.3% for 2012 and 1.7% for 2013, and is estimated at 4.6% for 2014, 3.5% for 2015 and 2.5% for 2016, (using end of period prices).

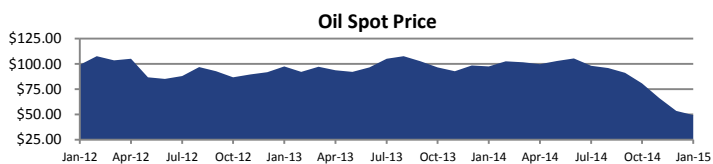
MONEY SUPPLY IN LEBANON

M3 remained was up 1.0% MoM at 177,397 billion Lebanese pounds (USD 117.7 billion) in December 2014 and was up 5.9% YoY from 167,571 billion Lebanese pounds (USD 111.2 billion) in December 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

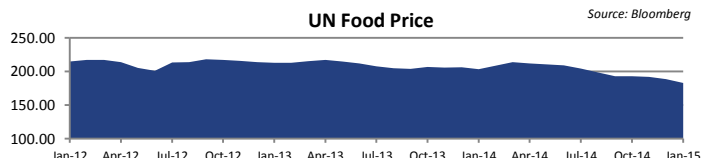
OIL SPOT PRICE

WTI Cushing spot price decreased -7.6% MoM and -49.5% YoY to \$49.23 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 2.8% MoM yet decreased -44.6% YoY to \$58.96 per barrel. Oil prices declined further, reflecting strong global supply amid weaker global demand contributing to a rise in global inventories.



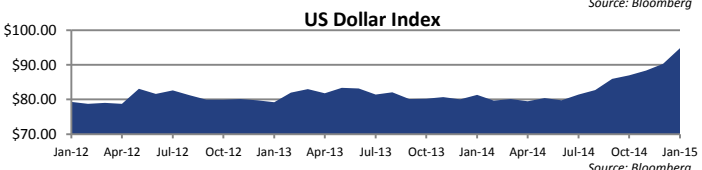
UN FOOD PRICE

UN Food Price Index declined further -3.1% MoM and -10.1% YoY to 182.70. The UN Food Price Index measures the prices of global food staples. Food prices reached their lowest levels, underpinned by robust inventories, weak oil prices and stronger US dollar.



US DOLLAR INDEX

US Dollar Index was up 5.0% MoM and 16.6% YoY to \$94.77. 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 continued to strengthen in January (its longest run of gains since the greenback floated in 1971), supported by stronger US macro data, tighter relative monetary policy, and expectations of higher rates.



Lebanon December 2013 =100	Monthly Change	January 2015 Index	December 2014 Index	Weights
Food and non-alcoholic beverages	1.5%	102.8	101.3	20.6
Alcoholic beverages, tobacco	0.1%	110.8	110.7	1.6
Clothing and footwear	-13.4%	103.2	119.2	5.4
Housing water, electricity, gas and other fuels	-2.7%	96.9	99.6	28.5
Furnishings, household equipment and routine household maintenance	0.2%	101.7	101.5	3.7
Health	-0.9%	99.0	100.0	7.8
Transportation	-6.3%	85.8	91.5	13.1
Communication	-0.1%	76.3	76.4	4.6
Recreation, amusement, and culture	-0.2%	101.9	102.1	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.5%	103.8	103.3	2.6
Miscellaneous goods & services	0.7%	102.3	101.7	4.0
Consumer Price Index	-2.2%	97.1	99.3	100.0

Source: CAS

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