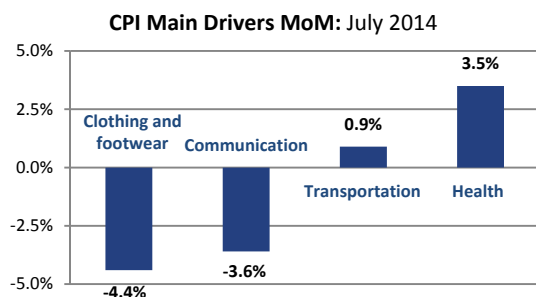


LEBANON INFLATION WATCH: July 2014

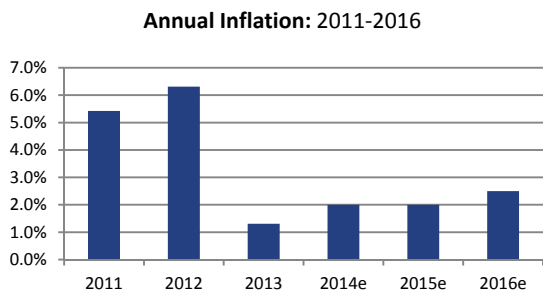
LEBANON'S CONSUMER PRICE INDEX (CPI) up 0.2% MoM in July 2014:

July 2014 saw Lebanon's Consumer Price Index increase 0.2% MoM from 100.6 in June 2014 to 100.8 in July 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 drivers MoM were health which increased 3.5%, transportation which increased 0.9%, communication which decreased -3.6% and clothing and footwear which decreased -4.4%. The cost of health was the major driver of the index, as it represents 7.8% of the index's weight and changed more over the June-July period than any other component. Other components of the index also changed like food and non-alcoholic beverages which increased 0.3%, recreation, amusement and culture up 0.3%, restaurant & hotels up 0.3%, housing water, electricity, gas and other fuels up 0.2% and miscellaneous goods & services up 0.2%. Alcoholic beverages, tobacco, furnishings, household equipment and routine household maintenance and education remained unchanged.



Source: CAS



Source: IMF

According to the IMF, inflation in Lebanon was 5.4% for 2011, 6.3% for 2012 and 1.3% for 2013, and is estimated at 2.0% for 2014 and 2015 and 2.5% for 2016, (using end of period prices).

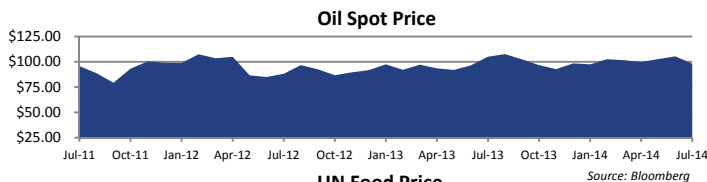
MONEY SUPPLY IN LEBANON

M3 was up 0.3% MoM at 173,314 billion Lebanese pounds (USD 115.0 billion) in June 2014 and was up 7.1% YoY from 161,768 billion Lebanese pounds (USD 107.3 billion) in June 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

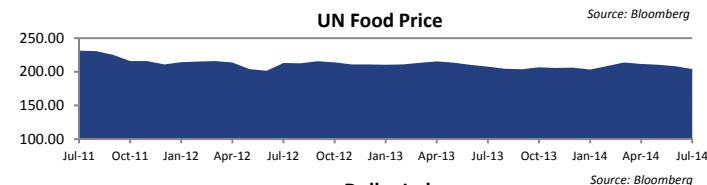
WTI Cushing spot price decreased -6.8% MoM to \$98.17 per barrel. YoY, it decreased -6.5%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -5.6% MoM and -1.6% YoY to \$106.02 per barrel.



Source: Bloomberg

UN FOOD PRICE

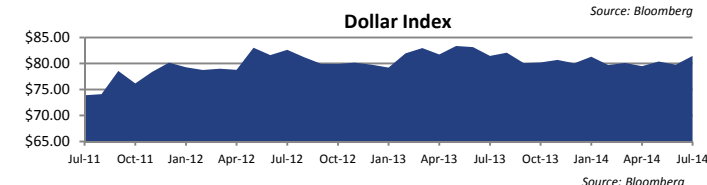
UN Food Price Index was down -2.1% MoM to 203.90 and -1.7% YoY. The UN Food Price Index measures the prices of global food staples.



Source: Bloomberg

DOLLAR INDEX

Dollar Index was up 2.1% MoM to \$81.5 and remained flat YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



Source: Bloomberg

Lebanon December 2013 =100	Monthly Change	July 2014 Index	June 2014 Index	Weights
Food and non-alcoholic beverages	0.3%	99.1	98.8	20.6%
Alcoholic beverages, tobacco	0.0%	105.8	105.8	1.6%
Clothing and footwear	-4.4%	105.4	110.3	5.4%
Housing water, electricity, gas and other fuels	0.2%	103.4	103.2	28.5%
Furnishings, household equipment and routine household maintenance	0.0%	101.1	101.1	3.7%
Health	3.5%	103.3	99.8	7.8%
Transportation	0.9%	102.7	101.8	13.1%
Communication	-3.6%	76.0	78.8	4.6%
Recreation, amusement, and culture	0.3%	101.5	101.2	2.3%
Education	0.0%	100.1	100.1	5.9%
Restaurant & hotels	0.3%	102.2	101.9	2.6%
Miscellaneous goods & services	0.2%	101.4	101.2	4.0%
Consumer Price Index	0.2%	100.8	100.6	100.0%

Source: CAS

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