

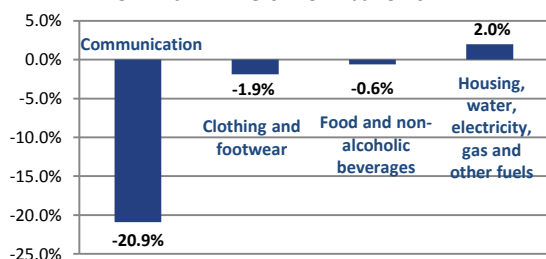
LEBANON INFLATION WATCH: June 2014

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

June 2014 saw Lebanon's Consumer Price Index decrease -0.7% MoM from 101.3 in May 2014 to 100.6 in June 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.

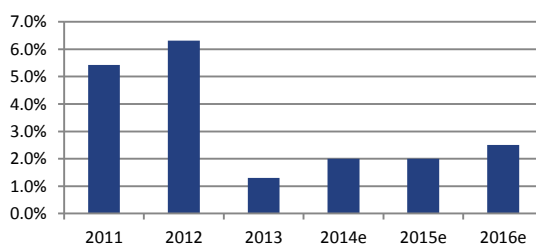
The biggest drivers MoM were communication which decreased -20.9%, clothing and footwear which decreased -1.9%, food and non-alcoholic beverages down -0.6% and housing water, electricity, gas and other fuels which increased 2.0%. The cost of communication was the major driver of the index, as it represents 4.6% of the index's weight and changed more over the May-June period than any other component. Other components of the index also changed like recreation, amusement and culture which increased 0.6%, furnishings, household equipment and routine household maintenance up 0.3%, miscellaneous goods & services up 0.2%, alcoholic beverages, tobacco down -0.1%, health down -0.3% and transportation down -0.3%. Education and restaurant & hotels remained unchanged.

CPI Main Drivers MoM: June 2014



Source: CAS

Annual Inflation: 2011-2016



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).

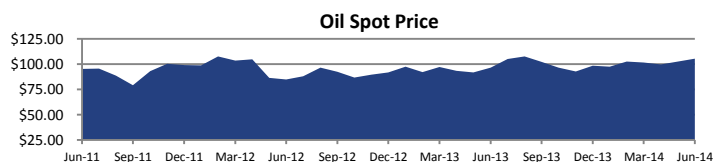
MONEY SUPPLY IN LEBANON

M3 was up 1.1% MoM at 172,813 billion Lebanese pounds (USD 114.6 billion) in May 2014 and was up 7.4% YoY from 160,954 billion Lebanese pounds (USD 106.8 billion) in May 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

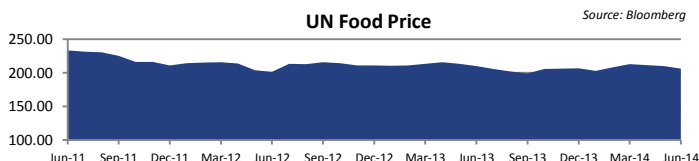
OIL SPOT PRICE

WTI Cushing spot price increased 2.6% MoM to \$105.37 per barrel. YoY, it increased 9.1%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 2.7% MoM and increased 10.0% YoY to \$112.36 per barrel.



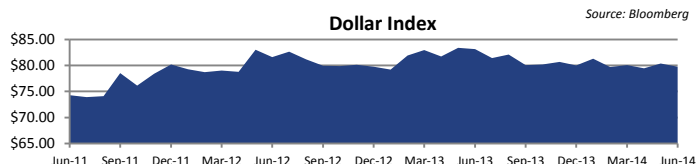
UN FOOD PRICE

UN Food Price Index was down -1.8% MoM to 205.95 and -2.0% YoY. The UN Food Price Index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index was down -0.7% MoM to \$79.8 and decreased -4.0% 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	June 2014 Index	May 2014 Index	Weights
Food and non-alcoholic beverages	-0.6%	98.8	99.4	20.6%
Alcoholic beverages, tobacco	-0.1%	105.8	105.8	1.6%
Clothing and footwear	-1.9%	110.3	112.4	5.4%
Housing water, electricity, gas and other fuels	2.0%	103.2	101.2	28.5%
Furnishings, household equipment and routine household maintenance	0.3%	101.1	100.8	3.7%
Health	-0.3%	99.8	100.2	7.8%
Transportation	-0.3%	101.8	102.0	13.1%
Communication	-20.9%	78.8	99.6	4.6%
Recreation, amusement, and culture	0.6%	101.2	100.6	2.3%
Education	0.0%	100.1	100.1	5.9%
Restaurant & hotels	0.0%	101.9	101.9	2.6%
Miscellaneous goods & services	0.2%	101.2	101.0	4.0%
Consumer Price Index	-0.7%	100.6	101.3	100.0%

Source: CAS

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