

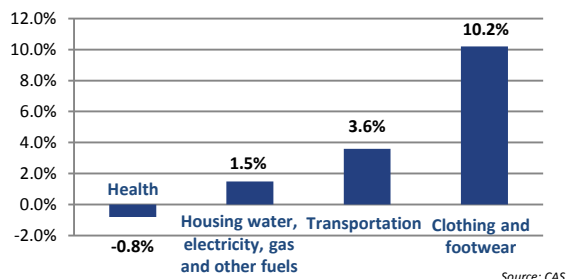
LEBANON INFLATION WATCH: March 2015

LEBANON'S CONSUMER PRICE INDEX (CPI) up 1.2% MoM in March 2015:

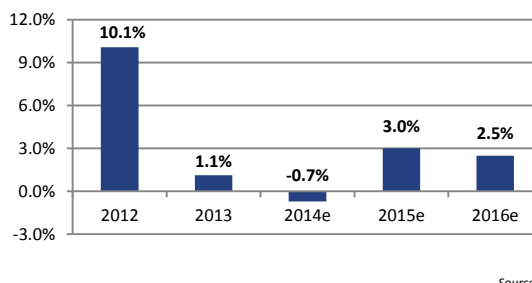
Lebanon's Consumer Price Index up 1.2% MoM from 97.2 in February 2015 to 98.3 in March 2015 (according to newly revised version from CAS). CPI measures the price of goods in an economy by tracking the cost of a basket of goods over time and is used as a proxy for inflation.

The biggest drivers MoM were clothing and footwear which increased 10.2%, transportation which increased 3.6%, housing water, electricity, gas and other fuels which increased 1.5%, and health which decreased -0.8%. 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 February-March period than any other component. Other components of the index increased like restaurant & hotels up 0.1% while miscellaneous goods & services down -0.1%, alcoholic beverages, tobacco down -0.2%, communication down -0.2%, food and non-alcoholic beverages down -0.8%, recreation, amusement, and culture down -1.6%. Furnishings, household equipment and routine household maintenance, and education remained unchanged.

CPI Main Drivers MoM: March 2015



Annual Inflation: 2012a-2016e



According to the IMF, inflation in Lebanon was 10.1% for 2012 and 1.1% for 2013, and is estimated at -0.7% for 2014, 3.0% for 2015 and 2.5% for 2016, (using end of period prices).

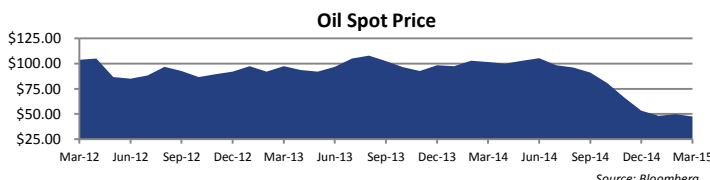
MONEY SUPPLY IN LEBANON

M3 remained almost flat MoM at 177,452 billion Lebanese pounds (USD 117.7 billion) in February 2015 and was up 5.4% YoY from 168,339 billion Lebanese pounds (USD 117.7 billion) in February 2014. 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

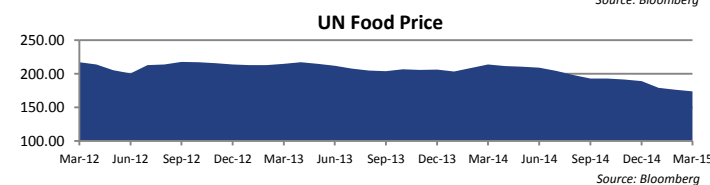
OIL SPOT PRICE

WTI Cushing spot price decreased -4.3% MoM and -53.1% YoY to \$47.60 per barrel. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price decreased -11.9% MoM and -48.9% YoY to \$55.11 per barrel. Oil prices decreased from robust world crude oil supply growth, weak global demand and stronger US dollar.



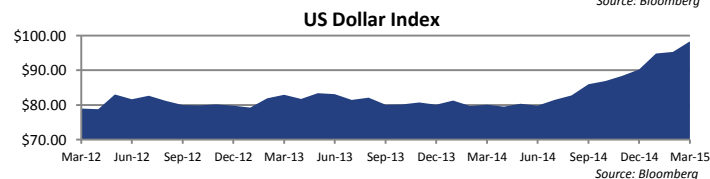
UN FOOD PRICE

UN Food Price Index declined further -1.5% MoM and -18.7% YoY to 173.80. The UN Food Price Index measures the prices of global food staples. Food prices reached their lowest levels, underpinned by a sharp fall in sugar prices, robust inventories and stronger US dollar.



US DOLLAR INDEX

US Dollar Index increased 3.2% MoM and increased 22.8% YoY to \$98.36. 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 March, supported by stronger US macro data, tighter relative monetary policy, and expectations of higher rates.



Lebanon December 2013 =100	Monthly Change	March 2015 Index	February 2015 Index	Weights
Food and non-alcoholic beverages	-0.8%	102.1	102.9	20.6
Alcoholic beverages, tobacco	-0.2%	110.6	110.8	1.6
Clothing and footwear	10.2%	120.2	109.1	5.4
Housing water, electricity, gas and other fuels	1.5%	98.0	96.5	28.5
Furnishings, household equipment and routine household maintenance	0.0%	102.0	102.0	3.7
Health	-0.8%	96.2	97.0	7.8
Transportation	3.6%	89.0	86.0	13.1
Communication	-0.2%	76.1	76.3	4.6
Recreation, amusement, and culture	-1.6%	100.6	102.2	2.3
Education	0.0%	104.6	104.6	5.9
Restaurant & hotels	0.1%	103.9	103.9	2.6
Miscellaneous goods & services	-0.1%	102.4	102.5	4.0
Consumer Price Index	1.2%	98.3	97.2	100.0

Source: CAS

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