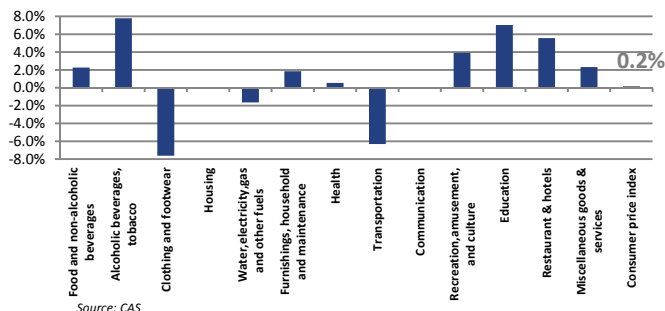


# LEBANON INFLATION WATCH: October 2013

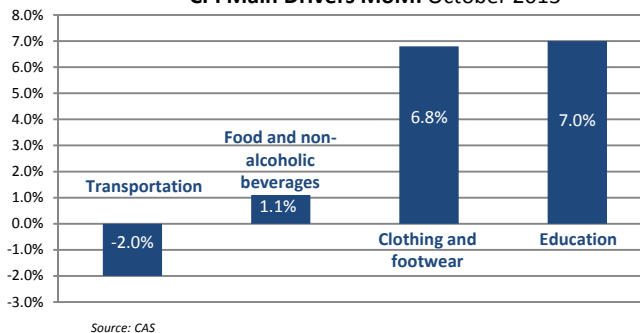
## LEBANON'S CONSUMER PRICE INDEX (CPI) up 0.2% YoY in October 2013:

October 2013 saw Lebanon's Consumer Price Index increase 0.2% YoY from 130.1 in October 2012 to 130.3 in October 2013. The index increased 1.0% MoM from 128.9 in September 2013. 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.

CPI components YoY: October 2013



CPI Main Drivers MoM: October 2013



According to the IMF, inflation in Lebanon is estimated at 3.1% for 2011, 10.1%\* for 2012, 3.5% for 2013, 2.4% for 2014 and 2.5% for 2015 and 2016.

The biggest changers MoM were education which increased 7.0%, clothing and footwear which increased 6.8%, food and non-alcoholic beverages which increased 1.1%, transportation which decreased -2.0%. The cost of education was the major driver of the index, as it represents 7.7% of the index's weight and changed more over the September-October period than any other component. Other components of the index also changed like recreation, amusement and culture up 3.3%, restaurant and hotels up 0.6%, miscellaneous goods & services up 0.6%, alcoholic beverages, tobacco up 0.3%. Water, electricity, gas and other fuels was down -0.3%. Housing, Furnishings, household equipment and routine household maintenance, health and communication remained unchanged.

\*According to MOF, housing costs, as a component of inflation, were subject to a one-time adjustment in July 2012.

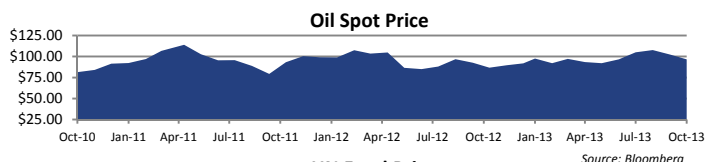
## MONEY SUPPLY IN LEBANON

M3 was up 0.2% MoM at 163,553 billion Lebanese pounds (USD 108.5 billion) in September 2013 and was up 6.9% YoY from 153,006 billion Lebanese pounds (USD 101.5 billion) in September 2012. 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

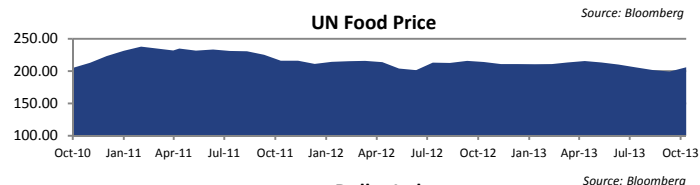
### OIL SPOT PRICE

WTI Cushing Spot Price decreased -5.6% MoM to \$96.7 per barrel. YoY, it increased 11.4%. The WTI spot price measures the price of West Texas Intermediate oil on world markets. Brent spot price increased 0.2% MoM and 1.0% YoY to \$108.6 per barrel.



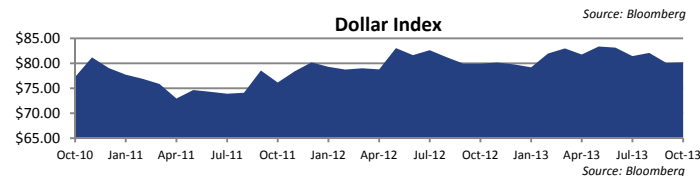
### UN FOOD PRICE

UN Food Price Index was up 3.3% MoM to 205.8 but down -3.9% YoY. The UN Food Price Index measures the prices of global food staples.



### DOLLAR INDEX

Dollar Index was up 0.1% MoM to \$80.2 and 0.3% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



	Weights	October 2013 Index	October 2012 Index	Unadjusted CPI YoY October 2013
<b>LEBANON CONSUMER PRICE INDEX</b>	<b>100%</b>	<b>130.3</b>	<b>130.1</b>	<b>0.2%</b>
Food and non-alcoholic beverages	19.9%	140.7	137.6	2.3%
Alcoholic beverages, tobacco	2.1%	140.4	130.3	7.8%
Clothing and footwear	6.2%	113.2	122.6	-7.6%
Housing	16.2%	160.2	160.2	0.0%
Water, electricity, gas and other fuels	9.5%	118.8	120.8	-1.6%
Furnishings, household equipment and routine maintenance	3.9%	113.9	111.8	1.9%
Health	6.8%	107.5	106.9	0.6%
Transportation	12.3%	121.5	129.7	-6.3%
Communication	4.8%	86.3	86.3	0.0%
Recreation, amusement and culture	3.7%	122.4	117.8	3.9%
Education	7.7%	160.5	149.9	7.0%
Restaurant & hotels	2.7%	157.4	149.1	5.6%
Miscellaneous goods & services	4.2%	115.6	113.0	2.3%

Source: CAS

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