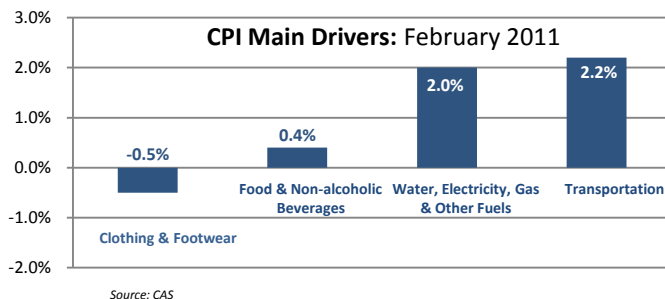
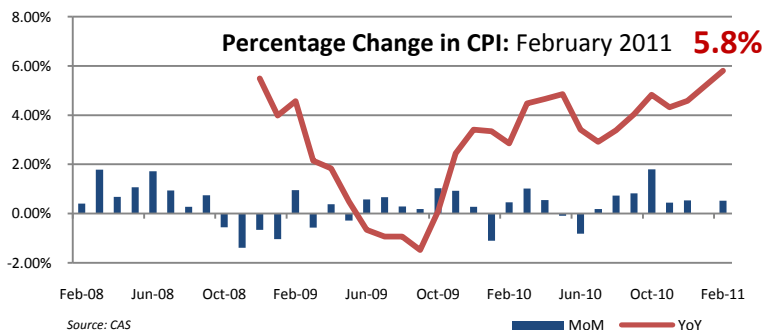


LEBANON INFLATION WATCH: February 2011

LEBANON'S CONSUMER PRICE INDEX (CPI) UP 5.8% YOY in February 2011:

February 2011 saw Lebanon's Consumer Price Index increase 5.8% YoY from 108.4 in February 2010 to 114.7 in February 2011. The index rose 0.6% from 114.1 in December 2010 (as there was no January reading). 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 changers were transportation, which surged 2.2% since December 2010, while water, electricity, gas and other fuels expenses were up 2.0%, and food and non-alcoholic beverages increased 0.4%. The month's biggest decline was witnessed by clothing and footwear, which fell -0.5% from December to February, although still higher by 27.3% YoY. The cost of transportation was the biggest underlying driver of the index as it represents over 10% the index's weight and increased more over the December-February period than any of the other components. Other components of the index changed little, including furnishings, health, recreation, up 0.3% each while miscellaneous goods up 0.2%. Education, communication, alcohol & tobacco, and housing costs were unchanged.

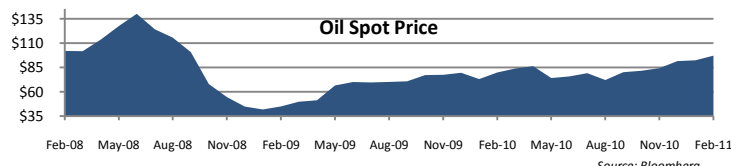
MONEY SUPPLY IN LEBANON

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. M3 decreased by -0.62% MoM to 138.0 trillion Lebanese pounds in January 2011 but up 11.1% YoY from 126.1 trillion.

INTERNATIONAL FACTORS TO WATCH

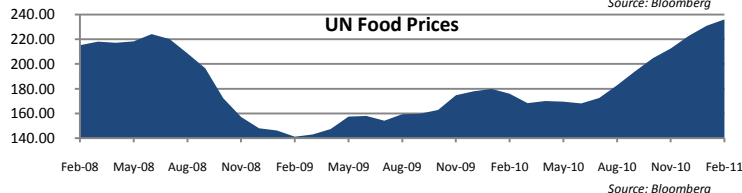
OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price rose 5.2% to \$96.97 per barrel, a 21.7% increase YoY, the greatest level since September 2008.



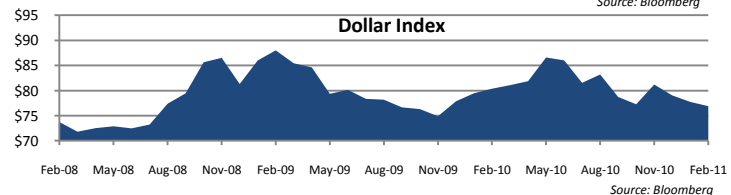
UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is up 2.2% MoM to a record 236.0 from 230.9 in January. Please note the UN Food Price was revised in February 2011.



DOLLAR INDEX

The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The index is down -1.1% MoM to \$76.89 and down -4.3% YoY.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED FEB-11

	JUL-10	AUG-10	SEP-10	OCT-10	NOV-10	DEC-10	FEB-11	
LEBANON CONSUMER PRICE INDEX	0.2%	0.7%	0.8%	1.8%	0.4%	0.5%	0.6%	5.8%
Food and non-alcoholic beverages	0.2%	2.6%	1.2%	1.6%	-0.3%	1.1%	0.4%	6.3%
Alcoholic beverages, tobacco	0.0%	0.0%	0.1%	0.2%	-0.1%	0.0%	0.0%	0.5%
Clothing and footwear	1.3%	6.8%	9.0%	7.8%	-9.1%	0.9%	-0.5%	27.3%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	-0.2%	-0.1%	0.8%	2.6%	2.4%	1.7%	2.0%	14.0%
Furnishings, household equipment and routine household maintenance	0.1%	-2.2%	-1.1%	0.4%	3.2%	0.0%	0.3%	1.0%
Health	0.4%	0.0%	0.2%	3.0%	1.0%	-1.0%	0.3%	-0.8%
Transportation	0.0%	-0.8%	-0.4%	-0.4%	5.1%	0.9%	2.2%	6.9%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.0%	-0.2%	0.2%	1.4%	0.3%	0.2%	0.3%	2.4%
Education	0.0%	0.0%	0.0%	6.6%	0.1%	0.0%	0.0%	6.7%
Restaurant & hotels	0.3%	0.6%	-0.4%	2.0%	1.3%	0.2%	0.8%	7.0%
Miscellaneous goods & services	0.2%	0.3%	-0.1%	0.3%	0.1%	0.0%	0.2%	2.0%

Source: CAS

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