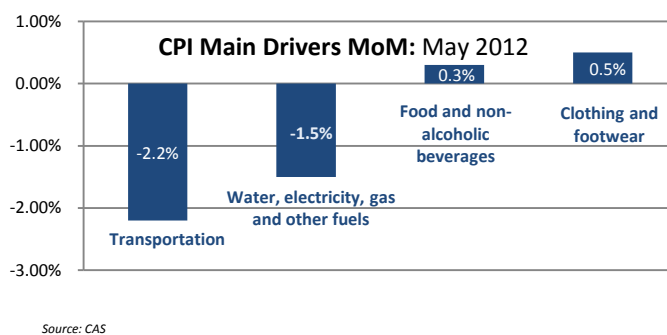
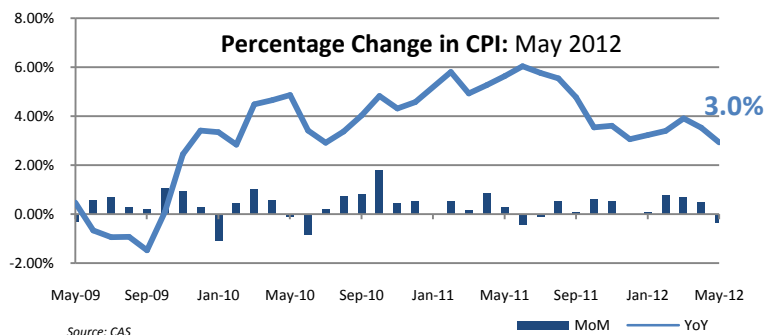


LEBANON INFLATION WATCH: May 2012

LEBANON'S CONSUMER PRICE INDEX (CPI) up 3.0% YoY in May 2012:

May 2012 saw Lebanon's Consumer Price Index increase **3.0%** YoY from 116.2 in May 2011 to 119.6 in May 2012. The index decreased -0.3% MOM from 120.0 in April 2012. 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 decreased -2.2% MoM from April 2012, water, electricity, gas and other fuels decreased -1.5% while food and non-alcoholic beverages increased 0.3%, and clothing and footwear increased 0.5%. The cost of transportation was the major driver of the index, as it represents 12.3% of the index's weight and increased more over the April-May period than any other component. Other components of the index also changed, like miscellaneous goods & services up 0.7%, restaurant and hotels up 0.3%, health up 0.1% and recreation, amusement and culture up 0.1%. Alcoholic beverages, tobacco, housing, furnishings, household equipment and routine household maintenance, communication, and education remained unchanged.

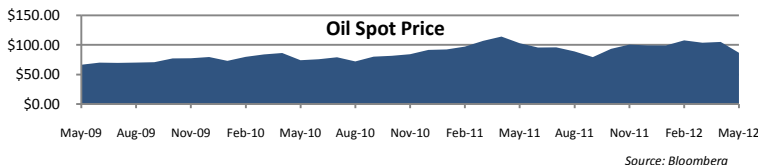
MONEY SUPPLY IN LEBANON

M3 increased by 0.8% MoM to 150,407 billion Lebanese pounds (USD 99.8 billion) in April 2012 and was up 5.9% YoY from 142,002 billion Lebanese pounds (USD 94.2 billion) in April 2011. 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

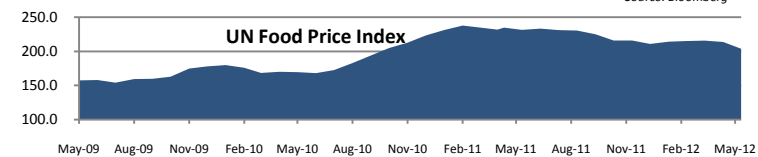
OIL SPOT PRICE

WTI Cushing Spot Price decreased -17.5% MoM to \$86.6 per barrel from \$104.9 per barrel in April 2012. YoY, it decreased -15.7%. The WTI Cushing Spot Price measures the price of West Texas Intermediate oil on world markets.



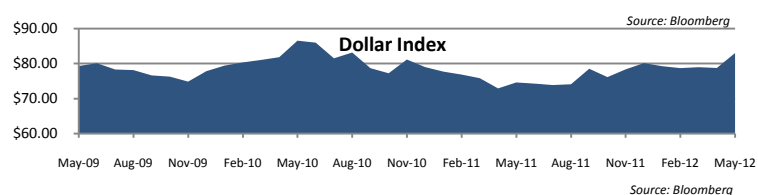
UN FOOD PRICE

UN Food Price Index is down -4.6% MoM to 204.0 from 213.9 in April 2012 and down -11.9% YoY. The UN Food Price is an index measures the prices of global food staples.



DOLLAR INDEX

Dollar Index is up 5.4% MoM to \$83.0 from \$78.8 in April 2012 and up 11.3% YoY. The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED MAY-12

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	
LEBANON CONSUMER PRICE INDEX	0.5%	0.0%	0.1%	0.8%	0.7%	0.5%	-0.3%	3.0%
Food and non-alcoholic beverages	1.2%	1.1%	0.1%	0.6%	0.8%	0.5%	0.3%	7.3%
Alcoholic beverages, tobacco	0.8%	0.5%	0.1%	-0.4%	0.3%	0.0%	0.0%	11.1%
Clothing and footwear	0.8%	0.4%	0.4%	0.1%	0.5%	0.8%	0.5%	1.5%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	0.8%	-0.4%	-0.2%	1.1%	0.6%	-0.7%	-1.5%	-1.4%
Furnishings, household equipment and routine household maintenance	0.3%	0.1%	0.0%	0.2%	0.3%	0.2%	0.0%	2.2%
Health	0.7%	0.0%	-1.2%	0.7%	0.1%	0.0%	0.1%	0.7%
Transportation	-0.1%	-2.0%	0.9%	3.2%	3.2%	2.9%	-2.2%	1.6%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.1%	1.1%	0.1%	0.2%	0.1%	0.0%	0.1%	5.2%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%
Restaurant & hotels	0.6%	0.1%	0.1%	1.3%	0.2%	0.3%	0.3%	4.4%
Miscellaneous goods & services	0.3%	0.2%	0.1%	1.1%	0.1%	0.5%	0.7%	4.1%

Source: CAS

For more information, please contact:

FFA Private Bank - Beirut
Research Department
+961 1 985 195

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