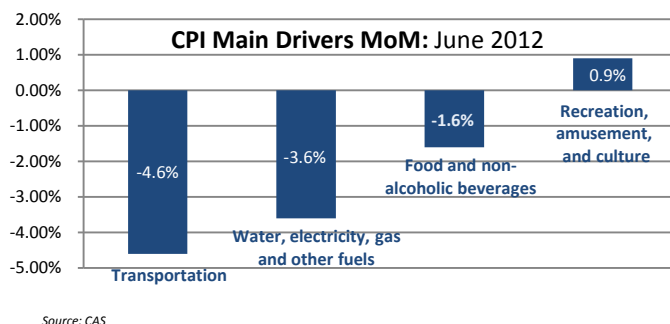
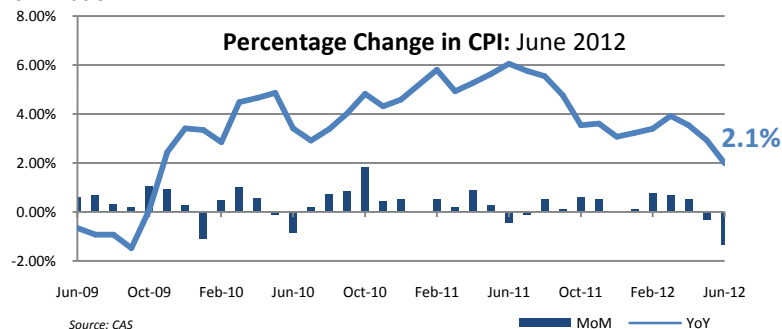


# LEBANON INFLATION WATCH: June 2012

## LEBANON'S CONSUMER PRICE INDEX (CPI) up 2.1% YoY in June 2012:

June 2012 saw Lebanon's Consumer Price Index increase 2.1% YoY from 115.7 in June 2011 to 118.0 in June 2012. The index decreased -1.3% MOM from 119.6 in May 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.



According to the IMF, the inflation in Lebanon is estimated at 3.1% for 2011, 4.5% for 2012 and 2.0% for the following four years until 2016.

The biggest changers were transportation, which decreased -4.6% MoM from May 2012, water, electricity, gas and other fuels decreased -3.6% and food and non-alcoholic beverages decreased -1.6%, while recreation, amusement and culture increased 0.9%. The cost of transportation was the major driver of the index, as it represents 12.3% 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 restaurant and hotels up 0.2%, miscellaneous goods & services up 0.1%. Health decreased -1.4% and clothing and footwear was down -0.3%. Alcoholic beverages, tobacco, housing, furnishings, household equipment and routine household maintenance, communication, and education remained unchanged.

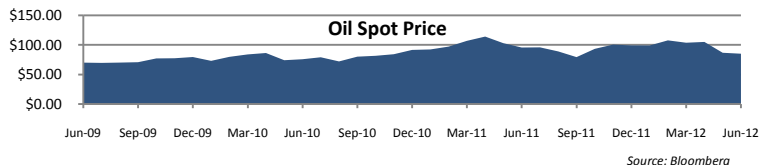
## MONEY SUPPLY IN LEBANON

M3 increased by 0.2% MoM to 150,683 billion Lebanese pounds (USD 100.0 billion) in May 2012 and was up 6.2% YoY from 141,866 billion Lebanese pounds (USD 94.1 billion) in May 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

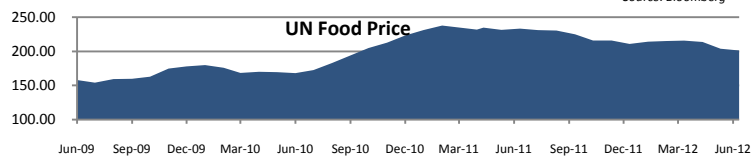
### OIL SPOT PRICE

WTI Cushing Spot Price decreased -1.8% MoM to \$85.0 per barrel from \$86.6 per barrel in May 2012. YoY, it decreased -11.0%. The WTI Cushing Spot Price measures the price of West Texas Intermediate oil on world markets.



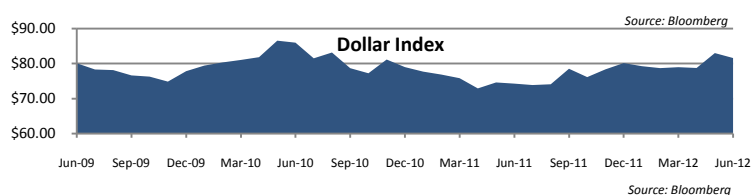
### UN FOOD PRICE

UN Food Price Index is down -1.3% MoM to 201.4 from 204.0 in May 2012 and down -13.7% YoY. The UN Food Price is an index measures the prices of global food staples.



### DOLLAR INDEX

Dollar Index is down -1.7% MoM to \$81.6 from \$83.0 in May 2012 but up 9.9% 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 JUN-12

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	
<b>LEBANON CONSUMER PRICE INDEX</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>0.7%</b>	<b>0.5%</b>	<b>-0.3%</b>	<b>-1.3%</b>	<b>2.1%</b>
Food and non-alcoholic beverages	1.1%	0.1%	0.6%	0.8%	0.5%	0.3%	-1.6%	5.7%
Alcoholic beverages, tobacco	0.5%	0.1%	-0.4%	0.3%	0.0%	0.0%	0.0%	11.1%
Clothing and footwear	0.4%	0.4%	0.1%	0.5%	0.8%	0.5%	-0.3%	2.5%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	-0.4%	-0.2%	1.1%	0.6%	-0.7%	-1.5%	-3.6%	-3.8%
Furnishings, household equipment and routine household maintenance	0.1%	0.0%	0.2%	0.3%	0.2%	0.0%	0.0%	1.8%
Health	0.0%	-1.2%	0.7%	0.1%	0.0%	0.1%	-1.4%	-0.9%
Transportation	-2.0%	0.9%	3.2%	3.2%	2.9%	-2.2%	-4.6%	-1.0%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	1.1%	0.1%	0.2%	0.1%	0.0%	0.1%	0.9%	5.5%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%
Restaurant & hotels	0.1%	0.1%	1.3%	0.2%	0.3%	0.3%	0.2%	4.5%
Miscellaneous goods & services	0.2%	0.1%	1.1%	0.1%	0.5%	0.7%	0.1%	4.0%

Source: CAS

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