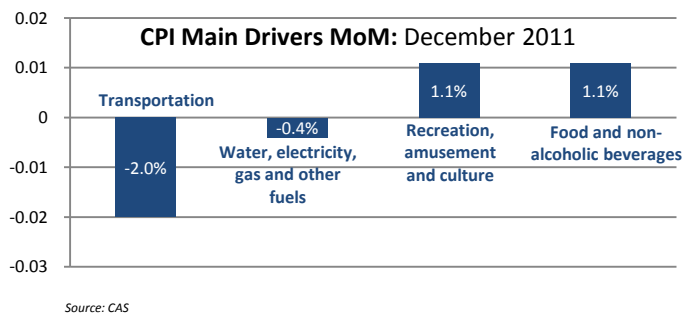
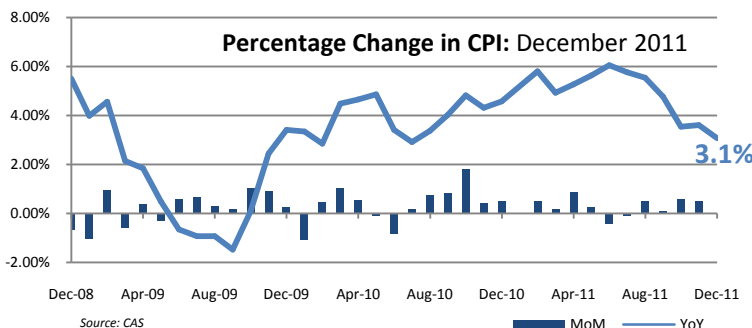


# LEBANON INFLATION WATCH: December 2011

## LEBANON'S CONSUMER PRICE INDEX (CPI) UP 3.1% YoY in December 2011:

December 2011 saw Lebanon's Consumer Price Index increase **3.1%** YoY from 114.1 in December 2010 to 117.6 in December 2011. The index didn't change from 117.6 in November 2011. 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 food and non-alcoholic beverages, which increased 1.1% MoM from November 2011, recreation, amusement and culture also increased 1.1%, while water, electricity, gas, and other fuels decreased -0.4%, and transportation decreased -2.0%. The cost of transportation was the major driver of the index, as it represents 12.3% of the index's weight and decreased more over the November-December period than any other component. Other components of the index also changed, like alcoholic beverages, tobacco up 0.5%, clothing and footwear up 0.4%, miscellaneous goods & services up 0.2%, restaurant and hotels up 0.1%, furnishings, household equipment and routine household maintenance up 0.1%. Housing, communication, health and education remained unchanged.

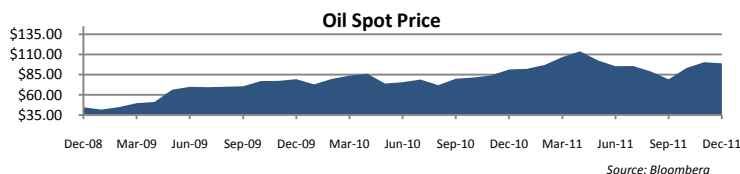
## MONEY SUPPLY IN LEBANON

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 increased by 0.1% MoM to 145,206 billion Lebanese pounds (USD 96.3 billion) in November 2011 and was up 5.9% YoY from 137,180 billion Lebanese pounds (USD 91.0 billion) in November 2010.

## INTERNATIONAL FACTORS TO WATCH

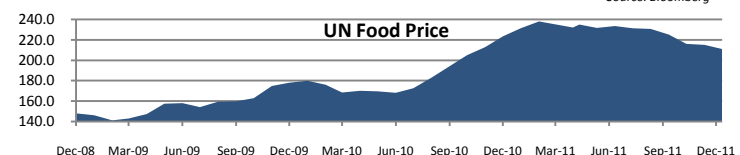
### OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price decreased -1.4% to \$99.0 per barrel from \$100.4 per barrel in November 2011. YoY, it increased 8.3%.



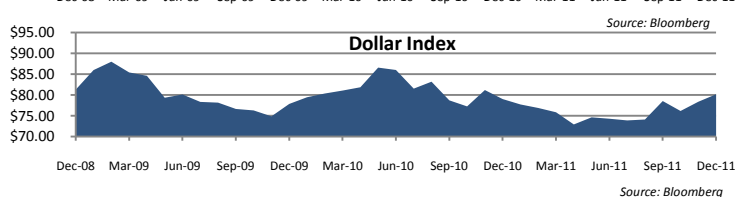
### UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is down -2.3% MoM to 211.0 from 216.0 in November 2011 and -5.5% YoY.



### 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 up 2.3% MoM to \$80.2 from \$78.4 in November 2011 and up 2.9% YoY.



### SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

### UNADJUSTED 12-MO. ENDED DEC-11

	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
<b>LEBANON CONSUMER PRICE INDEX</b>	-0.4%	-0.1%	0.5%	0.10%	0.7%	0.5%	0.0%	<b>3.1%</b>
Food and non-alcoholic beverages	-0.1%	0.0%	1.5%	0.6%	0.5%	1.2%	1.1%	5.8%
Alcoholic beverages, tobacco	0.1%	0.0%	0.2%	0.1%	9.3%	0.8%	0.5%	11.4%
Clothing and footwear	-1.3%	-2.9%	0.1%	0.3%	1.7%	0.8%	0.4%	4.3%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	-1.3%	0.2%	0.5%	-0.2%	-0.5%	0.8%	-0.4%	5.9%
Furnishings, household equipment and routine household maintenance	0.4%	0.1%	0.1%	0.3%	0.1%	0.3%	0.1%	2.2%
Health	0.1%	1.8%	0.0%	0.0%	-1.5%	0.7%	0.0%	3.2%
Transportation	-2.1%	-0.3%	1.2%	-0.9%	-2.0%	-0.1%	-2.0%	-2.8%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.6%	0.0%	0.2%	0.2%	2.5%	0.1%	1.1%	5.3%
Education	0.0%	0.0%	0.0%	0.0%	7.5%	0.0%	0.0%	7.5%
Restaurant & hotels	0.1%	-0.1%	0.4%	0.3%	0.6%	0.6%	0.1%	3.9%
Miscellaneous goods & services	0.2%	0.2%	0.3%	0.4%	0.0%	0.3%	0.2%	2.4%

Source: CAS

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