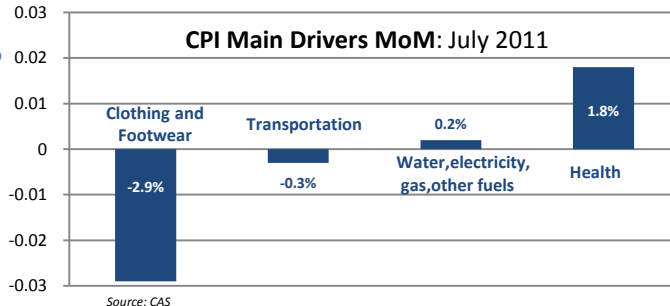
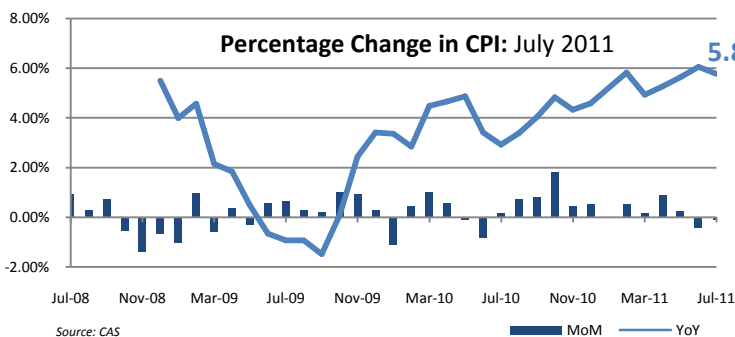


LEBANON INFLATION WATCH: JULY 2011

LEBANON'S CONSUMER PRICE INDEX (CPI) UP 5.8% YoY in July 2011:

July 2011 saw Lebanon's Consumer Price Index increase **5.8%** YoY from 109.3 in July 2010 to 115.6 in July 2011. The index dropped -0.1% from 115.7 in June 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 clothing and footwear, which decreased -2.9% from June 2011, also transportation was down -0.3%, as well as restaurant and hotels dropped -0.1%. The month's main increase was health increasing 1.8% MoM. The cost of transportation was the major driver of the index as it represents 6.2% the index's weight and decreased more over the July-June period than any other component. Other components of the index changed little, like water, electricity, gas and other fuels up 0.2%, miscellaneous goods up 0.2%, while furnishings, household equipment and routine household maintenance were up by 0.1%. Education, communication, housing, recreation, amusement and culture, alcohol beverages, tobacco, food and non-alcoholic beverages were unchanged.

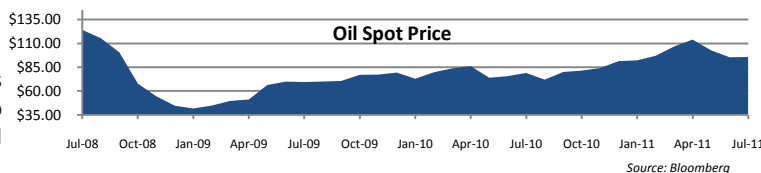
MONEY SUPPLY IN LEBANON

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 increased by 0.1% MoM to 142,056 billion Lebanese pounds (USD 94.2 billion) in June 2011 and up 8.6% YoY from 130,758 billion Lebanese pounds (USD 86.7 billion) in June 2010.

INTERNATIONAL FACTORS TO WATCH

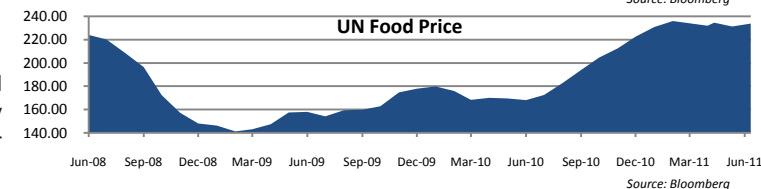
OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price increased 0.3% to \$95.7 per barrel from \$95.4 per barrel in June 2011, and increased 21.2% YoY.



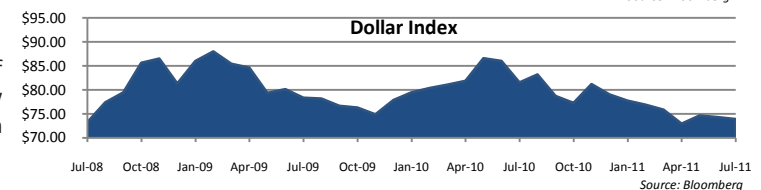
UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is up 1.08% MoM to 233.8 in June from 231.3 in May 2011 and rose 39.1% YoY. (There was no reading for July due to summer recess).



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, trading below \$75.0, is down -0.5% MoM to \$73.9 from \$74.3 in June 2011 and down -9.4% YoY.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED JUL-11

	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	
LEBANON CONSUMER PRICE INDEX	0.5%	0.6%	0.1%	0.9%	0.2%	-0.4%	-0.1%	-0.1%	5.8%
Food and non-alcoholic beverages	1.1%	0.4%	0.8%	0.5%	-0.7%	-0.1%	0.0%	0.0%	7.4%
Alcoholic beverages, tobacco	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.5%
Clothing and footwear	0.9%	-0.5%	3.1%	2.2%	0.3%	-1.3%	-2.9%	-2.9%	16.1%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	1.7%	2.0%	2.5%	1.5%	0.5%	-1.3%	0.2%	0.2%	13.6%
Furnishings, household equipment and routine household maintenance	0.0%	0.3%	0.2%	0.1%	0.1%	0.4%	0.1%	0.1%	1.4%
Health	-1.0%	0.3%	0.1%	1.6%	0.1%	0.1%	1.8%	1.8%	7.3%
Transportation	0.9%	2.2%	-4.0%	3.3%	2.2%	-2.1%	-0.3%	-0.3%	5.5%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.2%	0.3%	0.1%	0.0%	0.0%	0.6%	0.0%	0.0%	3.1%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%
Restaurant & hotels	0.2%	0.8%	0.1%	0.5%	0.4%	0.1%	-0.1%	-0.1%	5.6%
Miscellaneous goods & services	0.0%	0.2%	0.3%	0.2%	0.1%	0.2%	0.2%	0.2%	1.8%

Source: CAS

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