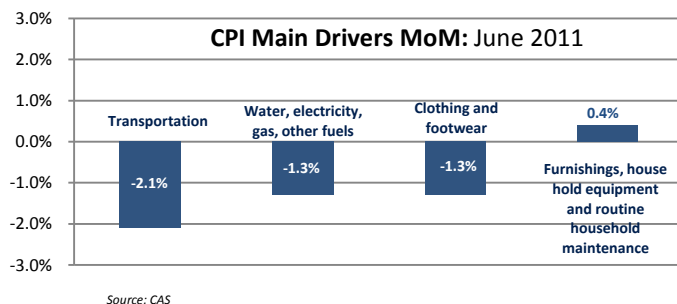
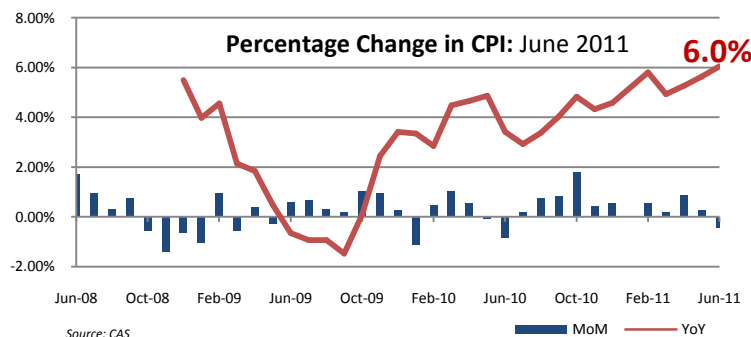


LEBANON INFLATION WATCH: JUNE 2011

LEBANON'S CONSUMER PRICE INDEX (CPI) UP 6.0% YoY in June 2011:

June 2011 saw Lebanon's Consumer Price Index increase **6.0%** YoY from 109.1.0 in June 2010 to 115.7 in June 2011. The index dropped -0.4% from 116.2 in May 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 transportation, which decreased -2.1% from May 2011, also water, electricity, gas and other fuels expenses were down -1.3%, as well as clothing and footwear declined -1.3% and food and non-alcoholic beverages dropped -0.1%. The month's main increase was furnishings, house hold equipment and routine household maintenance increasing 0.4% MoM. The cost of transportation was the major driver of the index as it represents 12.3% the index's weight and decreased more over the June-May period than any other component. Other components of the index changed little, like recreation, amusement and culture up 0.6%, miscellaneous goods up 0.2%, while health, alcoholic beverages and tobacco and restaurants and hotels were all up by 0.1%. Education, communication, housing were unchanged.

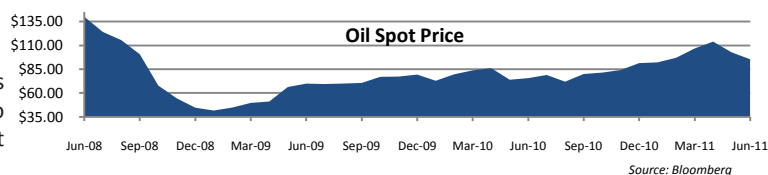
MONEY SUPPLY IN LEBANON

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 -0.1% MoM to 141,866 billion Lebanese pounds (USD 94.1 billion) in May 2011 and up 9.4% YoY from 129,711 billion Lebanese pounds (USD 86.0 billion) in May 2010.

INTERNATIONAL FACTORS TO WATCH

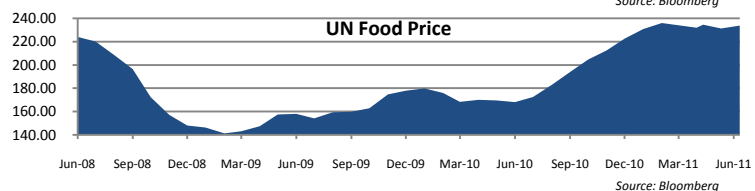
OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price dropped -7.1% to \$95.4 per barrel from \$102.7 per barrel in May 2011, although it increased 26.2% YoY.



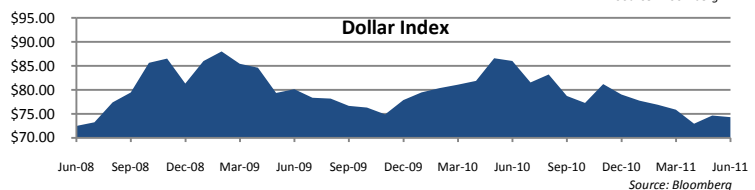
UN FOOD PRICE

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 from 231.3 in May 2011 and rose 39.1% 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, trading below \$75.0, is down -0.4% MoM to \$74.3 from \$74.6 in May 2011 and down -13.6% YoY.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED JUN-11

	NOV-10	DEC-10	FEB-11	MAR-11	APR-11	MAY-11	JUN-11	
LEBANON CONSUMER PRICE INDEX	0.4%	0.5%	0.6%	0.1%	0.9%	0.2%	-0.4%	6.0%
Food and non-alcoholic beverages	-0.3%	1.1%	0.4%	0.8%	0.5%	-0.7%	-0.1%	7.6%
Alcoholic beverages, tobacco	-0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.6%
Clothing and footwear	-9.1%	0.9%	-0.5%	3.1%	2.2%	0.3%	-1.3%	21.1%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	2.4%	1.7%	2.0%	2.5%	1.5%	0.5%	-1.3%	13.1%
Furnishings, household equipment and routine household maintenance	3.2%	0.0%	0.3%	0.2%	0.1%	0.1%	0.4%	1.3%
Health	1.0%	-1.0%	0.3%	0.1%	1.6%	0.1%	0.1%	5.9%
Transportation	5.1%	0.9%	2.2%	-4.0%	3.3%	2.2%	-2.1%	5.8%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recreation, amusement and culture	0.3%	0.2%	0.3%	0.1%	0.0%	0.0%	0.6%	3.1%
Education	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%
Restaurant & hotels	1.3%	0.2%	0.8%	0.1%	0.5%	0.4%	0.1%	6.0%
Miscellaneous goods & services	0.1%	0.0%	0.2%	0.3%	0.2%	0.1%	0.2%	1.7%

Source: CAS

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