▤ FFA Private Bank sal
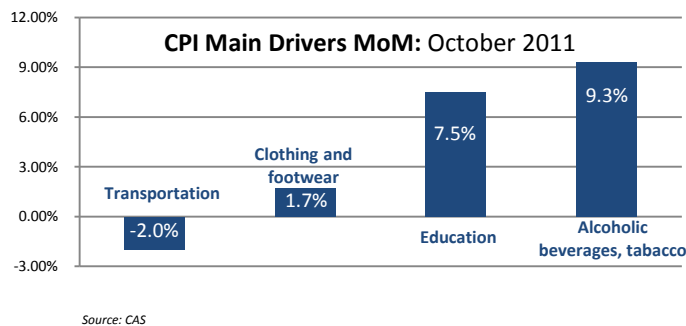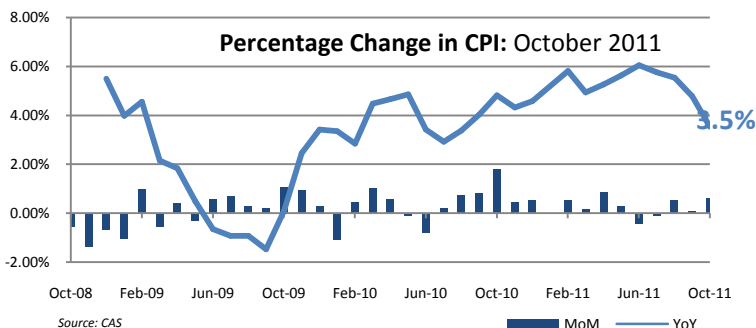
LEBANON INFLATION WATCH: OCTOBER 2011

■ LEBANON'S CONSUMER PRICE INDEX (CPI) UP 3.5% YoY in October 2011:

October 2011 saw Lebanon's Consumer Price Index increase 3.5% YoY from 113.0 in October 2010 to 117.0 in October 2011. The index rose 0.7% from 116.3 in September 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.

Percentage Change in CPI: October 2011

Source: CAS

MoM — YoY

CPI Main Drivers MoM: October 2011

Source: CAS

The biggest changers were, alcoholic beverages,tabacco, which increased 9.3% from September 2011, education rose 7.5%, clothing and footwear increased 1.7% and transportation decreased -2%.The cost of alcoholic beverages,tabacco was the major driver of the index, it represents 2.1% of the index's weight and increased more over the September-October period than any other component. Other components of the index also changed, like recreation, amusement and culture up 2.5%, restaurant and hotels up 0.6%, food and non-alcoholic beverages up 0.5%, furnishings, household equipment and routine household maintenance up 0.1%, health down -1.5% and water, electricity, gas and other fuels down -0.5% . Communication, housing, and miscellaneous goods and services 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 0.4% MoM to 144,158 billion Lebanese pounds (USD 95.6 billion) in September 2011 and was up 6.2% YoY from 135,761 billion Lebanese pounds (USD 90.1 billion) in September 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 17.3% to $93.1 per barrel from $79.3 per barrel in September 2011. YOY, it increased 14.3% YoY.


Oil Spot Price

Source: Bloomberg
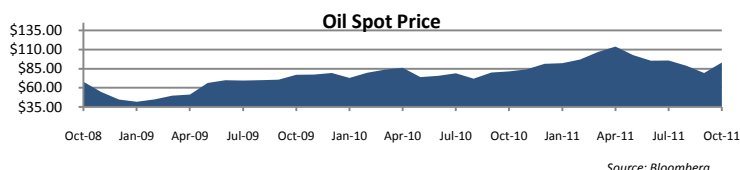
UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is down -3.9% MoM to 216.1 from 225.0 in September 2011 but rose 5.6% YoY.

UN Food Price

Source: Bloomberg
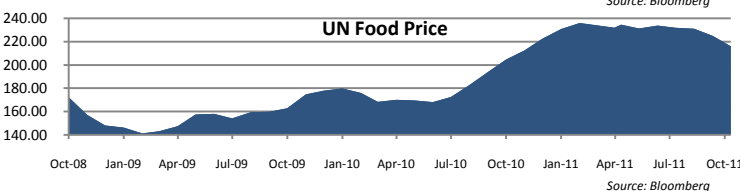
DOLLAR INDEX

The Dollar Index measures the value of the US Dollar against a basket of the world's most widely held currencies. The index is down -3.0% MoM to $76.2 from $78.6 in September 2011 and down -1.4% YoY.

Dollar Index

Source: Bloomberg
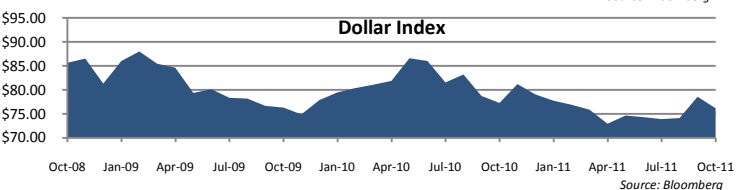
	SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS							UNADJUSTED 12-MO. ENDED OCT-11
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	
LEBANON CONSUMER PRICE INDEX	0.9%	0.2%	-0.4%	-0.1%	0.5%	0.10%	0.7%	3.5%
Food and non-alcoholic beverages	0.5%	-0.7%	-0.1%	0.0%	1.5%	0.6%	0.5%	4.3%
Alcoholic beverages, tobacco	0.1%	0.1%	0.1%	0.0%	0.2%	0.1%	9.3%	9.9%
Clothing and footwear	2.2%	0.3%	-1.3%	-2.9%	0.1%	0.3%	1.7%	-5.5%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	1.5%	0.5%	-1.3%	0.2%	0.5%	-0.2%	-0.5%	9.7%
Furnishings, household equipment and routine household maintenance	0.1%	0.1%	0.4%	0.1%	0.1%	0.3%	0.1%	5.0%
Health	1.6%	0.1%	0.1%	1.8%	0.0%	0.0%	-1.5%	2.4%
Transportation	3.3%	2.2%	-2.1%	-0.3%	1.2%	-0.9%	-2.0%	5.3%
Communication	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
Recreation, amusement and culture	0.0%	0.0%	0.6%	0.0%	0.2%	0.2%	2.5%	4.6%
Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	7.6%
Restaurant & hotels	0.5%	0.4%	0.1%	-0.1%	0.4%	0.3%	0.6%	4.7%
Miscellaneous goods & services	0.2%	0.1%	0.2%	0.2%	0.3%	0.4%	0.0%	2.0%

Source: CAS