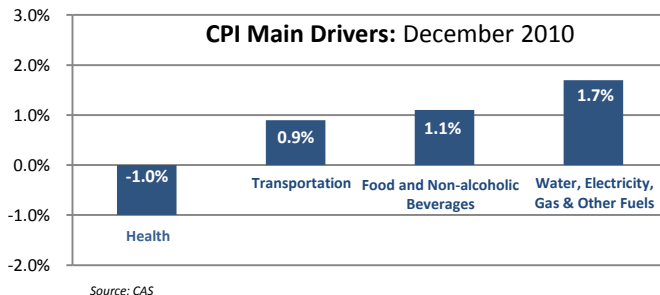
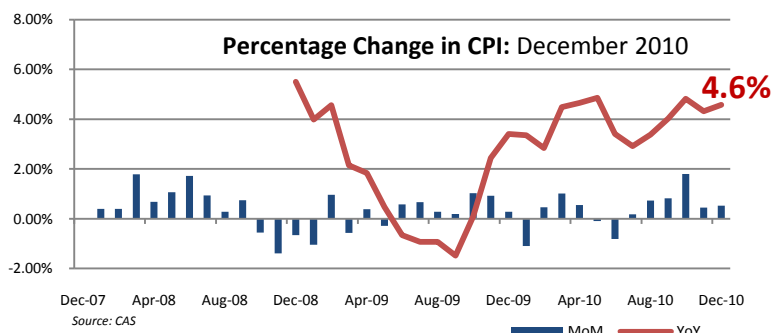


LEBANON INFLATION WATCH: December 2010

LEBANON'S CONSUMER PRICE INDEX (CPI) UP 4.6% YOY IN December 2010:

December 2010 saw Lebanon's Consumer Price Index increase **4.6%** YoY from 109.1 in December 2009 to 114.1 in December 2010. The index rose 0.5% MoM, from 113.5 in November 2010. 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 water, electricity, gas and other fuel costs, which surged 1.7% MoM, while food and non-alcoholic beverage expenses were up 1.1% MoM, and transportation prices increased 0.9% MoM. The month's biggest decline was witnessed by health costs, which fell -1.0% from November to December. The cost of food and non-alcoholic beverages was the biggest underlying driver of the index as it represents almost 20% the index's weight and increased more MoM than any of the other components except water, electricity, gas and other fuels. Other components of the index changed little, including restaurants & hotels and recreation costs, up 0.2% each. Education, communication, alcohol and tobacco, housing costs, furnishings and household equipment prices were unchanged.

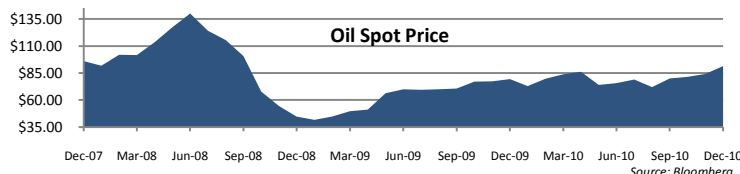
MONEY SUPPLY IN LEBANON

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 1.26% MoM to 138.9 trillion Lebanese pounds and 12.3% YoY from 123.7 trillion.

INTERNATIONAL FACTORS TO WATCH

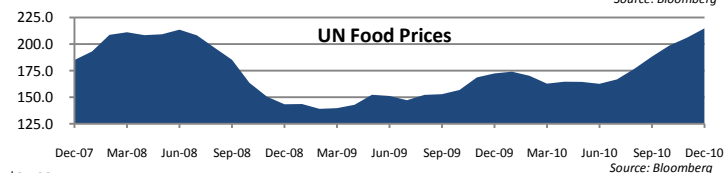
OIL SPOT PRICE

The WTI Cushing Spot Price measures the spot price of West Texas Intermediate oil on world markets. MoM, the price rose 8.6% to \$91.38 per barrel, a 15.1% increase YoY, the greatest level since September 2008.



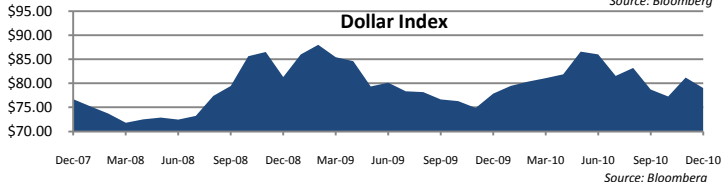
UN FOOD PRICE

The UN Food Price is an index which measures the prices of global food staples. The index is up 4.3% MoM to 214.7, an increase of 24.6% YoY, a 36-month high.



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 2.7% MoM to \$79.03 and up 1.5% YoY.



SEASONALLY ADJUSTED CHANGES FROM PREVIOUS MONTHS

UNADJUSTED 12-MO. ENDED NOV-10

	JUN-10	JUL-10	AUG-10	SEP-10	OCT-10	NOV-10	DEC-10	
LEBANON CONSUMER PRICE INDEX	-0.8%	0.2%	0.7%	0.8%	1.8%	0.4%	0.5%	4.6%
Food and non-alcoholic beverages	-0.4%	0.2%	2.6%	1.2%	1.6%	-0.3%	1.1%	6.8%
Alcoholic beverages, tobacco	0.2%	0.0%	0.0%	0.1%	0.2%	-0.1%	0.0%	0.8%
Clothing and footwear	-0.7%	1.3%	6.8%	9.0%	7.8%	-9.1%	0.9%	20.3%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water, electricity, gas and other fuels	-2.3%	-0.2%	-0.1%	0.8%	2.6%	2.4%	1.7%	8.1%
Furnishings, household equipment and routine household maintenance	0.1%	0.1%	-2.2%	-1.1%	0.4%	3.1%	0.0%	0.9%
Health	-1.5%	0.4%	0.0%	0.2%	3.0%	1.0%	-1.0%	-2.6%
Transportation	-2.8%	0.0%	-0.8%	-0.4%	-0.4%	5.1%	0.9%	4.8%
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%	-0.2%	0.2%	1.4%	0.3%	0.2%	2.1%
Education	0.0%	0.0%	0.0%	0.0%	6.6%	0.1%	0.0%	6.7%
Restaurant & hotels	0.6%	0.3%	0.6%	-0.4%	2.0%	1.3%	0.2%	6.3%
Miscellaneous goods & services	0.2%	0.2%	0.3%	-0.1%	0.3%	0.1%	0.0%	2.0%

Source: CAS

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