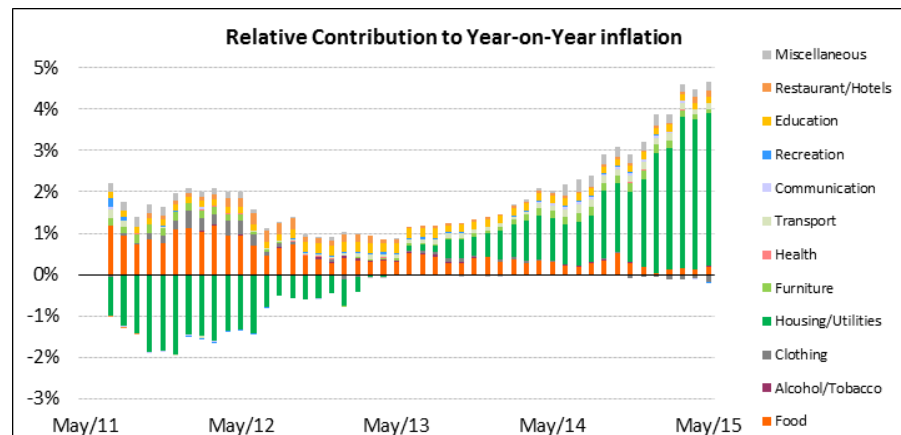
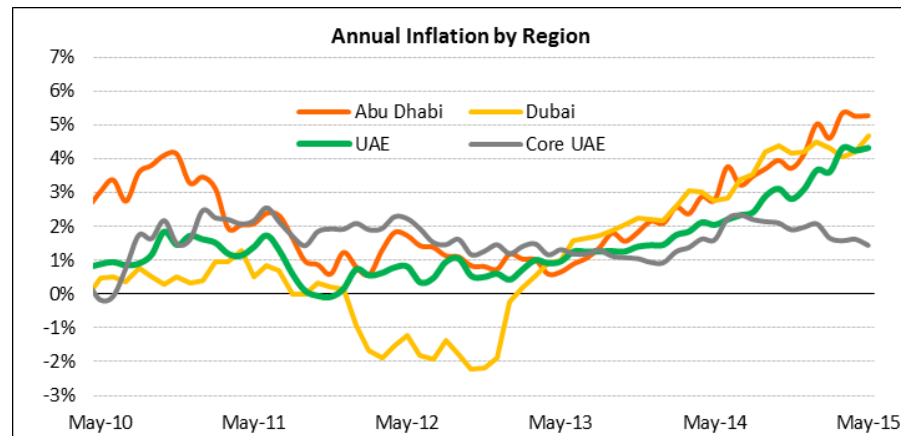
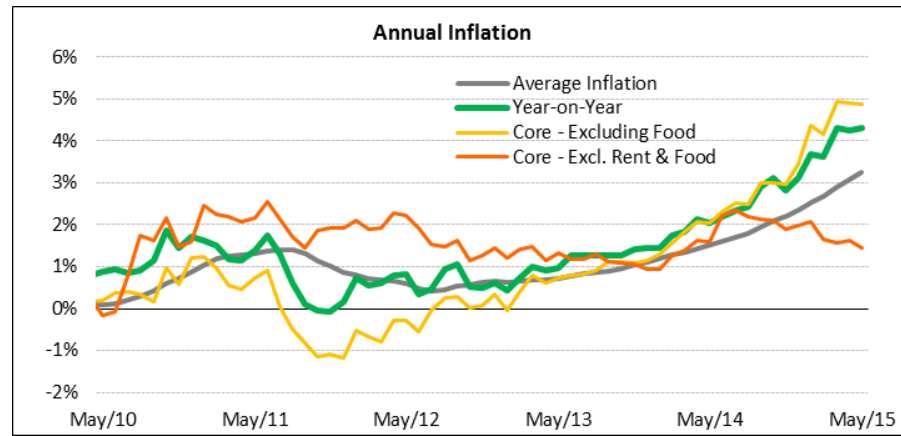


UAE Inflation Update for May 2015

According to the latest press release from National Bureau of Statistics (NBS), consumer price index (CPI) in the UAE increased 4.32% in May 2015 in comparison to May 2014, primarily driven by cost of housing & utilities. In terms of relative contribution housing & utilities contributed the most (3.69% y-o-y). 85% of the inflation originates from Housing & Utilities.

Approximately 75 -80% of UAE inflation is domestic in origin.



Source: National Bureau of Statistics (UAE)

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Domestic/Foreign inflation for the UAE could be broken down as follows:

- *Domestic inflation components are:* Housing & Utilities; Maintenance; Health-Care (Partially: Labor-Local/Medicine-Foreign); Transport; Education; Recreation and Culture; Miscellaneous Goods and Services; Restaurants & Hotels: Partially (70-30); and Communication (partially)
- Foreign(Imported) inflation components are: Food & Beverages(non-alcohol); Alcohol & Tobacco; Clothing & Footwear; Furniture; Textiles and Home Appliances; Partially Restaurants & Hotels (70-30); and Health-Care (partially)

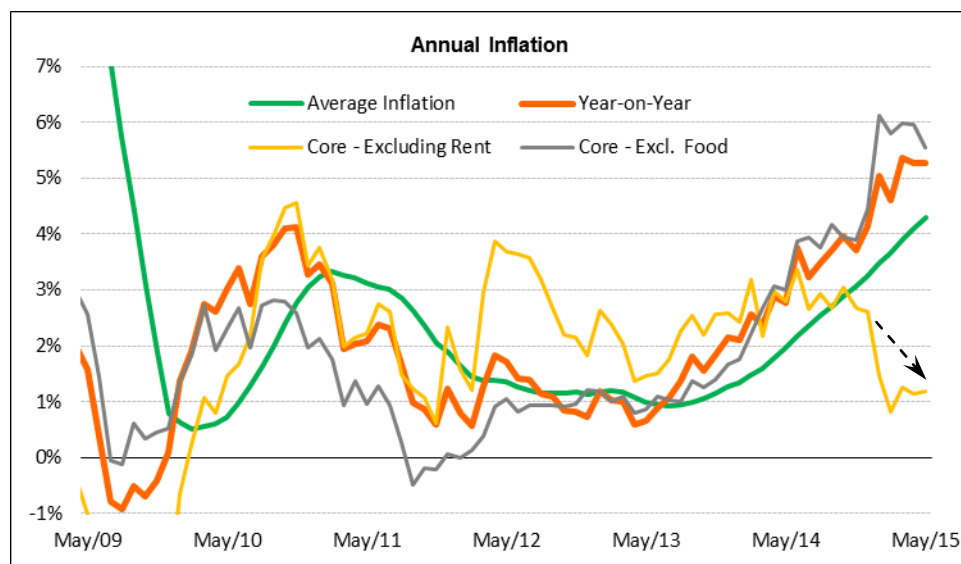
Domestic inflation of UAE is mainly driven by rising rents.

With lower oil prices foreign origin inflation is expected to decline. Three main reasons that may drive the decline are:

- The most recent housing sales/rental data indicate that rents are declining as well. The decline in rents will be reflected in the CPI with a lag of possibly 4-5 months.
- Monetary aggregate growth is slowing down
- Real Effective Exchange Rate

Abu Dhabi Inflation - May 2015

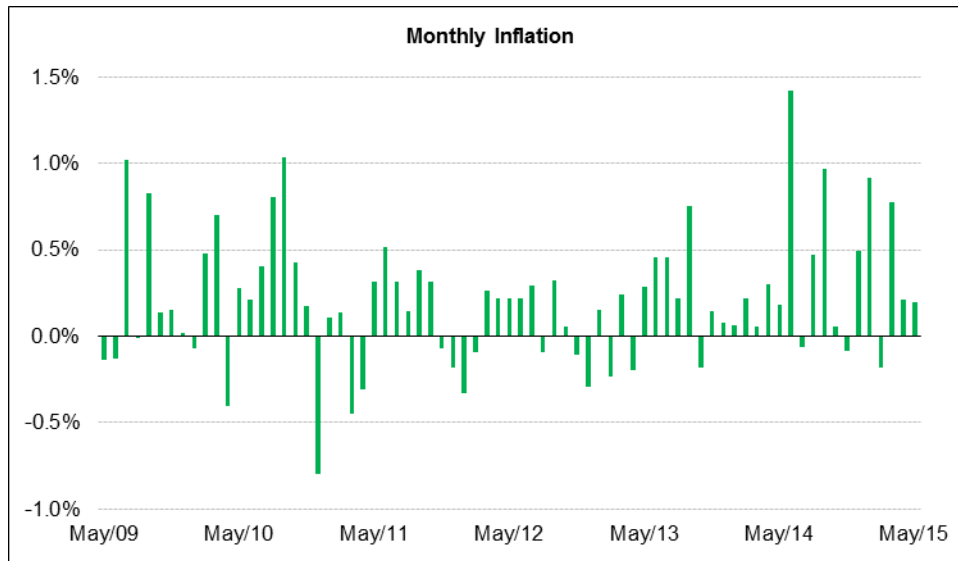
The Statistics Center of Abu Dhabi (SCAD) in its latest press release said consumer price index increased 5.28% in May 2015 in comparison to May 2014, mainly driven by cost of housing/utilities & furniture household maintenance. Abu Dhabi has been ranked 33rd most expensive in 2015, moving up 35 spots from last year.



Source: National Bureau of Statistics (UAE)

CORE inflation, which excludes Food & Housing component, is however declining. As per the above chart, the core CPI rate is currently at 1.44% (y-o-y) and is on a declining trend.

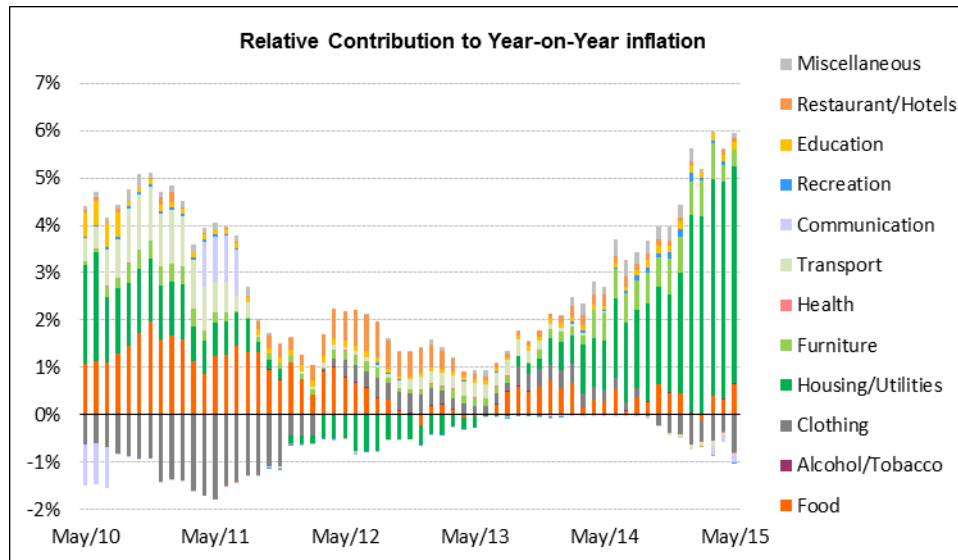
In May 2015, month on month inflation increased by 0.19% in comparison to April 2015. Average annual inflation for May 2015 was at 4.3%.



In terms of relative contribution, in May 2015, housing & utilities contributed the most (2.54% y-o-y) followed by furniture household maintenance (0.75%).

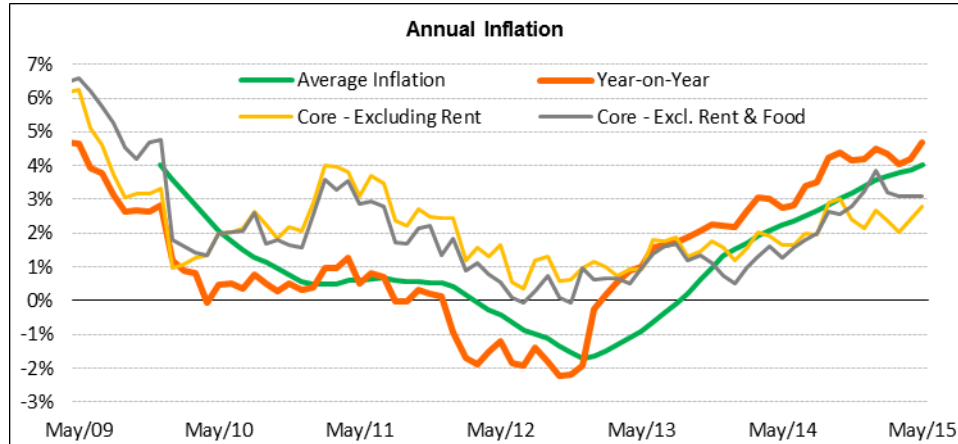
Housing & Utility category accounts for almost 38% weight of the consumer budget in UAE.

During 2015H1, inflation rate will be mainly driven by housing & utilities.



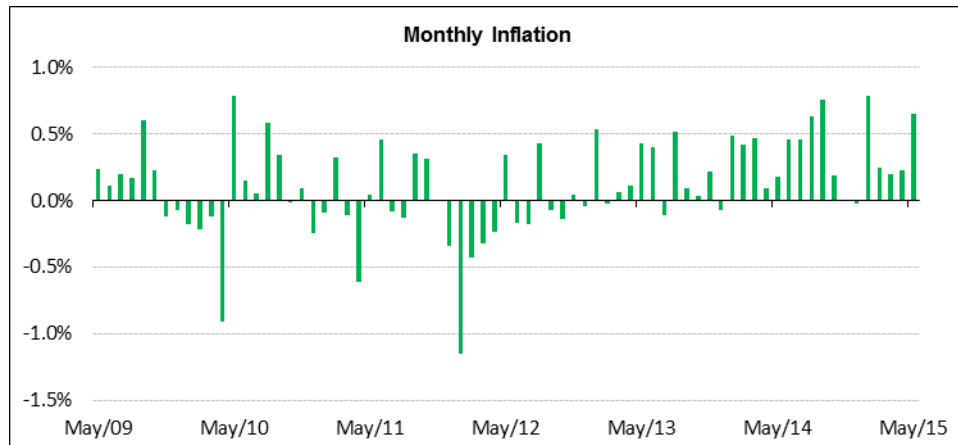
Dubai Inflation - May 2015

The latest press release from Dubai Statistical Center shows that CPI increased by 4.68% annually in May 2015, compared to 4.19% in April 2015. This rate is the highest since May 2009. Dubai has been ranked 23rd most expensive in 2015, jumping from 67th place in 2014.

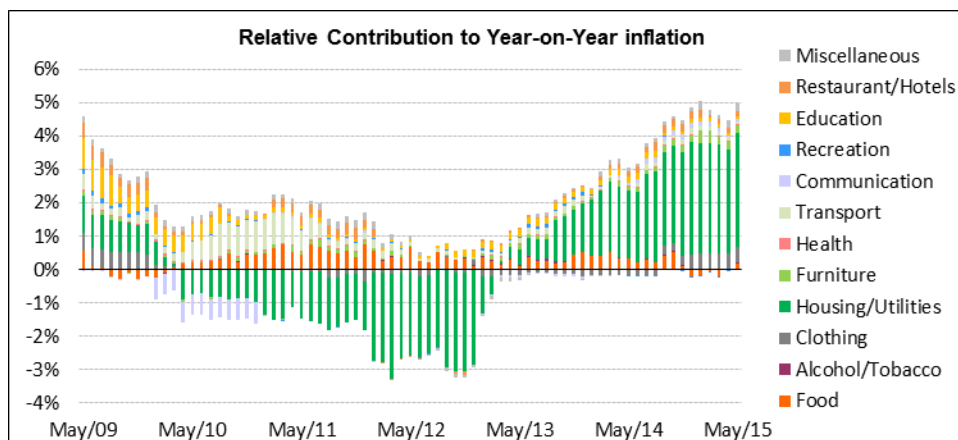


Source: National Bureau of Statistics (UAE)

The main driver by a huge margin was Housing & Utilities category which increased by a record 7.81% y-o-y. This category accounts for almost 44% of the household budget.



Source: National Bureau of Statistics (UAE)



Source: National Bureau of Statistics (UAE)

Appendix

UAE	CPI	Consumer Price Index		Month-on-Month			Year-on-Year			Average Annual		
Consumer Price Index (CPI)	Weights	Apr-15	May-15	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution
General Index	100.00%	124.94	125.27	0.18%	0.26%	-	4.25%	4.32%	-	3.07%	3.26%	-
Food & Non-Alcohol Bev	13.91%	141.75	143.76	-0.08%	1.42%	0.20%	0.86%	1.43%	0.20%	1.66%	1.60%	0.22%
Alcohol & Tobacco	0.22%	150.17	150.17	-0.20%	0.00%	0.00%	3.31%	3.31%	0.01%	3.68%	3.86%	0.01%
Clothing & Footwear	7.58%	108.35	106.98	0.50%	-1.26%	-0.10%	-1.12%	-2.37%	-0.18%	-0.48%	-0.71%	-0.05%
Housing & Utilities	39.33%	120.89	121.16	0.14%	0.22%	0.09%	9.19%	9.38%	3.69%	5.18%	5.75%	2.26%
Furniture and other items	4.40%	135.71	135.86	0.04%	0.11%	0.00%	2.81%	2.51%	0.11%	4.46%	4.27%	0.19%
Health Care	1.12%	108.15	108.15	-0.11%	0.00%	0.00%	0.71%	0.60%	0.01%	0.81%	0.86%	0.01%
Transportation	11.07%	122.78	122.91	0.05%	0.11%	0.01%	1.35%	1.35%	0.15%	1.62%	1.65%	0.18%
Communication	6.93%	98.83	98.82	-0.01%	-0.01%	0.00%	-0.02%	-0.07%	0.00%	0.70%	0.63%	0.04%
Recreation&Culture	3.07%	116.48	116.28	-0.01%	-0.17%	-0.01%	0.07%	-0.20%	-0.01%	0.62%	0.52%	0.02%
Education	4.00%	157.56	157.56	0.08%	0.00%	0.00%	3.93%	3.93%	0.16%	4.18%	4.13%	0.17%
Restaurants & hotels	4.38%	145.32	146.01	1.46%	0.47%	0.02%	2.79%	3.30%	0.14%	1.36%	1.54%	0.07%
Other Goods & Services	3.98%	130.14	130.34	0.49%	0.15%	0.01%	3.95%	3.97%	0.16%	4.22%	4.48%	0.18%

Source: National Bureau of Statistics * RC sum may not add to CPI % change due to rounding off

Abu Dhabi	CPI	Consumer Price Index		Month-on-Month			Year-on-Year			Average Annual		
Consumer Price Index (CPI)	Weights 2007=100	Apr-15	May-15	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution
General Index	100.00%	133.44	133.70	0.21%	0.19%	-	5.26%	5.28%	-	4.09%	4.30%	-
Food & Non-Alcohol	16.05%	141.88	145.79	-0.29%	2.76%	0.44%	2.05%	4.09%	0.66%	1.94%	2.13%	0.31%
Alcohol & Tobacco	0.25%	149.49	149.49	0.00%	0.00%	0.00%	5.30%	5.30%	0.01%	5.01%	5.45%	0.01%
Clothing & Footwear	9.76%	99.37	94.81	1.30%	-4.59%	-0.45%	-3.71%	-8.13%	-0.79%	-1.93%	-2.81%	-0.19%
Housing, Water, Electricity, Gas	37.86%	141.36	141.37	0.00%	0.01%	0.00%	6.70%	6.70%	2.54%	7.12%	7.90%	2.70%
Furniture, Household Eq, Maint	4.83%	153.10	153.72	0.20%	0.40%	0.02%	15.60%	15.60%	0.75%	13.49%	13.02%	0.65%
Health	0.85%	112.84	112.84	-0.94%	0.00%	0.00%	-2.23%	-1.39%	-0.01%	-0.45%	-0.49%	0.00%
Transport	9.67%	125.59	125.81	0.17%	0.18%	0.02%	-0.48%	-0.50%	-0.05%	-0.46%	-0.51%	-0.04%
Communication	7.72%	97.25	97.24	-0.01%	-0.01%	0.00%	-2.09%	-2.10%	-0.16%	-0.39%	-0.55%	-0.03%
Recreation & Culture	2.42%	112.07	109.65	0.00%	-2.16%	-0.05%	2.95%	-0.12%	0.00%	3.77%	3.64%	0.09%
Education	2.59%	184.58	184.58	0.00%	0.00%	0.00%	5.90%	5.90%	0.15%	5.21%	5.37%	0.13%
Restaurants and Hotels	3.37%	170.03	170.40	2.85%	0.22%	0.01%	2.57%	2.79%	0.09%	3.33%	3.01%	0.11%
Miscellaneous Goods & Services	4.62%	126.27	127.77	0.71%	1.19%	0.05%	5.80%	5.80%	0.27%	4.58%	4.41%	0.21%

Source: SCAD * RC sum may not add to CPI % change due to rounding off; ** Estimates derived from published percentage change figures

Dubai	CPI	Consumer Price Index		Month-on-Month			Year-on-Year			Average Annual		
Consumer Price Index (CPI)	Weights 2007=100	Apr-15	May-15	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution	Apr-15	May-15	Relative* Contribution
General Index	100.00%	123.60	124.40	0.23%	0.65%	-	4.19%	4.68%	-	3.88%	4.04%	-
Food & Non-Alcohol	11.08%	139.98	144.19	0.06%	3.01%	0.33%	-0.13%	1.67%	0.19%	1.08%	0.97%	0.11%
Alcohol & Tobacco	0.24%	147.56	147.56	-1.20%	0.00%	0.00%	8.05%	8.05%	0.02%	7.51%	7.95%	0.02%
Clothing & Footwear	5.52%	131.96	131.96	0.00%	0.00%	0.00%	8.67%	8.67%	0.48%	3.63%	4.60%	0.25%
Housing & Utilities	43.70%	109.85	110.62	0.33%	0.70%	0.31%	7.10%	7.81%	3.41%	6.60%	6.87%	3.00%
Furniture, household eq, maint	3.34%	143.81	143.78	0.03%	-0.02%	0.00%	7.30%	7.33%	0.24%	6.07%	6.40%	0.21%
HealthCare	1.08%	125.31	125.31	0.00%	0.00%	0.00%	0.82%	0.57%	0.01%	2.09%	1.93%	0.02%
Transport	9.08%	133.52	133.41	-0.22%	-0.08%	-0.01%	1.20%	1.21%	0.11%	1.36%	1.48%	0.13%
Communication	6.00%	92.47	92.47	0.00%	0.00%	0.00%	0.82%	0.78%	0.05%	2.14%	2.08%	0.12%
Recreation&Culture	4.24%	108.02	108.05	0.01%	0.03%	0.00%	-0.15%	0.07%	0.00%	-0.32%	-0.31%	-0.01%
Education	4.09%	179.37	179.37	0.47%	0.00%	0.00%	2.22%	2.22%	0.09%	3.31%	3.09%	0.13%
Restaurants & hotels	5.48%	151.98	151.90	-0.04%	-0.05%	0.00%	2.93%	2.91%	0.16%	3.48%	3.51%	0.19%
Miscellaneous Goods & Services	6.15%	136.33	136.41	1.35%	0.06%	0.00%	3.55%	3.29%	0.20%	2.07%	2.16%	0.13%

Source: SCAD * RC sum may not add to CPI % change due to rounding off

Explanatory Notes:

- Month-on-Month columns provide the percentage change in CPI compared to the previous month;
- Year-on-Year columns provide the percentage change in CPI compared to the same month in the previous year;
- Average annual columns provide the percentage change in 12 month average CPI compared to the average CPI in the previous year;
- Relative contribution is calculated by multiplying percentage change with category weight;
- Core inflation excludes certain items to provide a picture of underlying trends

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