

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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## BLOM Lebanon PMI™

### Lebanon PMI at four-month low amid faster falls in output and new orders

Data collected March 13-24

- **March sees solid and accelerated drop in business activity**
- **Falling inflows of new work contribute to further job losses**
- **Input prices rise at fastest rate for 18 months**

#### BLOM Lebanon PMI

50 = no change on previous month



Sources: IHS Markit, Blominvest Bank

This report contains the forty-second public release of data collected from the monthly survey of business conditions in the Lebanese private sector. The survey, sponsored by Blominvest Bank and compiled by Markit, has been conducted since May 2013 and provides an early indication of operating conditions in Lebanon. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™).

The PMI is a composite index, calculated as a weighted average of five individual sub-components: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline BLOM Lebanon PMI fell to a four-month low of 46.9 in March, down from February's 47.7.

Nevertheless, the index average over the first quarter of 2017 as a whole (47.4) was the highest for one-and-a-half years.

**Commenting on March 2017 PMI results, Maya Mantash, Head of Equity Research at BLOMINVEST Bank, said:**

*"Lebanon's private sector activity seems unable to break from the contraction sequence. March's PMI dropped to a four-month low reflecting the worsening of both local and foreign demand. The struggle with demand is also impacting the workforce and leading to job losses in the Lebanese market. The future output index has also picked up a general pessimism among the Lebanese companies regarding the coming months; however, it remains to be seen whether this pessimism will be soothed or aggravated following the government's recently approved budget."*

#### The main findings of March's survey were as follows:

Faster decreases in both output and new orders were the two main factors behind March's lower reading. The rates of decline were the steepest for three and four months respectively.

New export orders also decreased during the month, and although remaining only modest overall, the rate of decline in new business from abroad was the fastest seen in 2017 so far.

March also saw a slight acceleration in the rate of job losses as businesses adjusted to a lower level of business activity. Backlogs of work meanwhile fell to the greatest extent since last November, signalling the existence of spare capacity despite 13 months of continuous job cuts.

Businesses' input buying showed the steepest drop for five months in March. Nevertheless, lower sales meant that stocks of purchases continued to rise.

Average delivery times for purchased items lengthened slightly in the latest survey period. That marked the first deterioration in supplier performance for four months.

On the price front, March's survey data showed a pick-up in the rate of input cost inflation facing Lebanese businesses, to the highest for one-and-a-half years. Behind the increase in overall cost burdens were rises in both prices paid for purchases and salaries/wages, with the former showing the sharper increase.

Input prices have now risen for three months in a row, but companies continued to absorb the burden of higher costs and reduced average prices charged for goods and services, citing weak underlying demand and competitive pressures.

The year-ahead outlook for business activity meanwhile worsened in March, with latest survey data signalling that firms were the most pessimistic for five months.

-Ends-

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**Note to Editors:**

The BLOM Lebanon Purchasing Managers' Index™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Lebanese economy, including manufacturing, services, construction and retail. The panel is stratified GDP and company workforce size. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About BLOMINVEST BANK**

BLOMINVEST BANK, established in 1994, is the investment arm of BLOM Bank SAL, one of the largest banks in Lebanon. As part of its expansionary vision towards the MENA region, the bank has established one investment arm in Saudi Arabia, "BLOMINVEST KSA" and launched three brokerage and trading firms in Egypt, Syria, and Jordan, namely "BLOM Bank Egypt Securities", "Syria and Overseas for Financial Services", and "Financial Services Experts Company". BLOMINVEST BANK is one of few institutions within the greater Levant region that offer Private banking, Investment banking, Asset Management, Brokerage, and Research services under one roof. Based on its track record, BLOMINVEST BANK to date remains the most awarded local investment bank. For more information, see [www.blominvestbank.com](http://www.blominvestbank.com).

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**About PMI**

*Purchasing Managers' Index™ (PMI™)* surveys are now available for over 30 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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