

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), July 5<sup>th</sup> 2017**

### BLOM Lebanon PMI®

#### Private sector business activity falls at fastest rate in eight months

Data collected June 12-23

- **June sees sharp and accelerated decreases in output and new orders**
- **Employment declines for sixteenth month running**
- **Input costs and prices charged continue to edge lower**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the forty-fifth 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 IHS 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.

Latest survey data showed a further deterioration in the performance of Lebanon's private sector economy. The headline BLOM Lebanon PMI registered a reading of 46.1 in June, down from May's 46.6 and its lowest score in eight months. The downturn was reflective of faster falls in output, new orders and employment.

**Commenting on June 2017 PMI results, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:**

*"The PMI fell in June to its lowest level in eight months reflecting a waning consumer sentiment and pessimism amongst private sector businesses. The outcome of approving a new electoral law by mid-June should be materialized in the coming few months especially that focus is now shifted towards 2017's draft budget and the public sector's salary scale."*

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

The level of business activity in Lebanon's private sector economy fell at the end of the second quarter at the fastest rate since last October. The contraction was sharp and partly attributable to a further loss of new business. Surveyed companies generally commented on political and economic instability, while there was also a further decrease in the level of new orders from abroad. The rate of decline in exports was much slower than that of total new business, however.

Employment fell for a sixteenth straight month during June as companies adjusted to a lower level of demand. The rate of job losses was the fastest seen since March, although only modest overall. Evidence of spare

capacity was shown by a further decline in backlogs of work.

There was also a reduction in firms' purchasing activity during the month. The decrease was in fact the steepest since last October, but inventory levels continued to rise, albeit only slightly.

The survey's price measures meanwhile showed slight falls in both average input costs and prices charged for goods and services. The reduction in cost burdens reflected lower average staff pay as well as fractional dip in prices paid for purchases.

Average delivery times for purchased items lengthened in June, marking the third time in the past four months that a deterioration in supplier performance has been recorded.

Finally, June's survey indicated negative sentiment among private sector businesses with regards to growth prospects in the year ahead. The degree of pessimism was less marked than in May, however, thereby ending a six-month sequence of deteriorating business morale.

-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.

IHS 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 IHS 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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