

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), December 5<sup>th</sup> 2017

## BLOM Lebanon PMI®

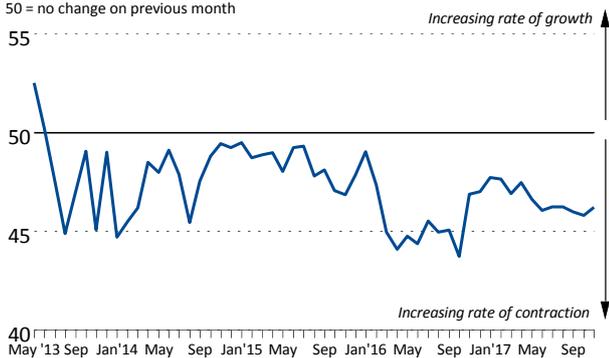
### Business conditions in Lebanon deteriorate further in November

#### Data collected November 13-24

- **PMI still well inside contraction territory at 46.2**
- **Output falls sharply, but rate of job losses is only marginal**
- **Input costs rise at slowest rate for three months**

#### BLOM Lebanon PMI

50 = no change on previous month



Sources: IHS Markit, Blominvest Bank

This report contains the latest 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.

Business conditions in Lebanon's private sector economy deteriorated further in November, as signalled by the headline BLOM Lebanon PMI registering a reading of 46.2. Although up from 45.8 in October and at a three-month high, the latest figure was still well below the 50.0 level that separates growth from contraction.

**Commenting on November's PMI results, Dr Fadi Osseiran, General Manager at BLOMINVEST Bank, said:**

*"As concerns escalated following Lebanon's Prime Minister's shocking resignation, November can be characterized as 2017's most controversial month on the political front. Although the contraction was slower than that of the previous month, the resulting political tensions worsened business activity at the Lebanese private companies, which was reflected in the dropping levels of output and new orders. However, business conditions are expected to improve in the coming period as a political breakthrough is projected after Hariri suspended his resignation and fruitful political consultations took place between President Michel Aoun and the main parliamentary blocks."*

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

Business activity fell sharply again mid-way through the final quarter of the year as firms reported a drop in demand for goods and services. Anecdotal evidence found that political instability continued to undermine economic performance, with issues around security and cash flow also playing a part in the latest contraction. To add to the situation, new export orders fell at the fastest rate for over a year.

Private sector employment also decreased during the month as businesses looked to reduce capacity in line with a lower level of demand. That said, the rate at which staffing numbers contracted was only marginal and the slowest for nine months.

November's survey meanwhile showed a moderation of inflationary pressures. Input prices rose only slightly on average, with the rate of increase noticeably slower than in each of the previous two months. This reflected both a weaker rise in purchase costs and also a slight fall in average staff pay. Prices charged for goods and services decreased for the thirty-second month in a row, and at a slightly faster rate than in October.

Lower levels of output and new orders were translated into a further decrease in businesses' quantity of purchases in November, with the rate of decline in buying activity accelerating to the fastest seen since June. Inventories accumulated at a slower pace, while suppliers' delivery times were broadly unchanged from the month before.

Private sector business confidence remained subdued in November, with firms (on average) forecasting output to decrease in the coming year. That said, sentiment was the least negative for 11 months.

-Ends-

**For further information, please contact:**

**BLOMINVEST Bank:**

Marwan Mikhael, Head of Research

Telephone +961-173-7247

Fax +961-175-1953

Email [marwan.mikhael@blominvestbank.com](mailto:marwan.mikhael@blominvestbank.com)

**IHS Markit:**

Phil Smith, Principal Economist

Telephone +44-1491-461-009

Email [phil.smith@ihsmarkit.com](mailto:phil.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index™ (PMI®)* surveys are now available for over 40 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).

The intellectual property rights to the BLOM Lebanon PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. BLOMINVEST Bank use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).