

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), March 5<sup>th</sup> 2018**

### BLOM Lebanon PMI®

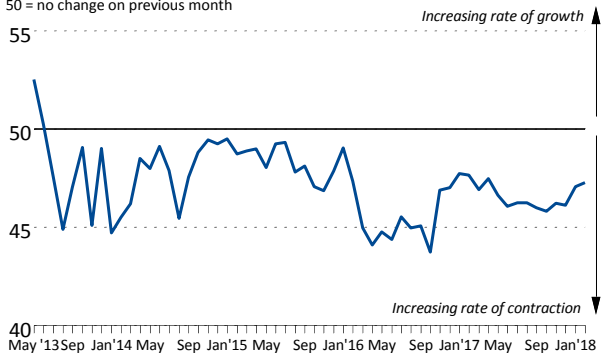
#### PMI ticks up to ten-month high but remains firmly in contraction territory

Data collected February 12-22

- **Slower downturns in output and new orders recorded**
- **Employment rises for first time in two years, albeit marginally**
- **Rates of input cost and output price inflation moderate**

#### 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.

Lebanon's private sector economy remained in a state of overall contraction mid-way through the first quarter, though the pace of decline continued to moderate. The headline BLOM Lebanon PMI rose for the second month running to 47.3 in February, from January's 47.1, to record its highest reading since April 2017. A figure below 50.0 indicates deterioration in the health of the private sector; however the PMI has now moved closer to the neutral level in three of the past four months.

#### Commenting on the February 2018 PMI results, Dr Ali Bolbol, Chief Economist at BLOM Bank, said:

*"For two months in a row in 2018, the Lebanese economy seems to be shrugging off its weakness and recording slower downturns in output and new orders: February's headline PMI scored 47.3, the highest since April 2017. Though marginal, improvements in the sub-indices were almost across the board, showing a slight rise in employment, and slower increases in input costs and output prices. The limited momentum is encouraging, but it needs to stay steady and gain more in strength, especially in the face of weaker future expectations perhaps triggered by the political row between the Speaker of the House and the Minister of Foreign Affairs early in the month. The onus then is on politicians to give the economy the respite that it desperately deserves and the reforms that it badly needs."*

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

Although rates of decline in business activity and new orders in the private sector remained solid in February, they eased to the slowest seen in ten months. Most weakness stemmed from difficult conditions in the domestic market, with the level of new orders received

from abroad down only fractionally compared with the month before.

-Ends-

Encouragingly, latest data showed a rise in the level of private sector employment in February. Although only marginal, the increase ended a sequence of net job losses stretching back almost two years.

Staffing levels rose despite businesses generally remaining pessimistic towards the outlook for output over the next 12 months. Moreover, after having reached a 13-month high at the start of the year, the survey's measure of future expectations deteriorated slightly in February.

On the price front, February saw prices charged for goods and services rise for the second month in a row. However, the rate of inflation eased from that recorded in January to show only a marginal increase in selling prices overall.

Firms' costs likewise rose more slowly in February, though the rate of input price inflation was still the second-quickest seen since August 2013. A rise in purchase prices was the main driver, with staff costs up only fractionally.

The quantity of purchases made by Lebanese private sector businesses decreased in February. Inventory levels meanwhile rose, albeit only modestly and at the slowest rate for three months.

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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).

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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 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 <https://ihsmarkit.com/products/pmi.html>.

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