

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

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## BLOM Lebanon PMI®

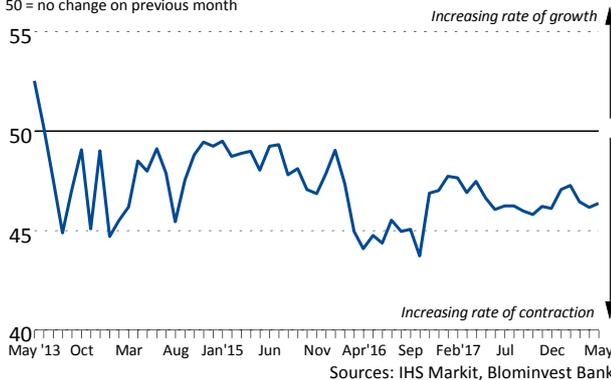
### Lebanon PMI remains firmly in contraction territory in May

Data collected May 11-24

- **Headline PMI at 46.4 amid further sharp falls in output and new orders**
- **Employment drops only slightly as rate of job losses eases**
- **Average prices charged for goods and services decrease for third month running**

#### BLOM Lebanon PMI

50 = no change on previous month



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.

At 46.4 in May, up slightly from 46.2 in April, the headline BLOM Lebanon PMI indicated another marked deterioration in business conditions across the private sector economy.

**Commenting on the May 2018 PMI results, Ms. Riwa Daou, Economist at BLOMINVEST Bank, said:**

*"In spite of the minor rebound registered by the BLOM Lebanon PMI in May, the overall picture of the private sector economy remains grim on account of subdued domestic demand. Although the first Parliamentary elections in 9 years, held on May 6th, marked a positive step towards the implementation of a long-overdue reform agenda, the country remains in a wait-and-see mode ahead of the government's formation."*

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

May's survey highlighted a sustained decline in the level of activity at private sector businesses. The rate of contraction was broadly in line with that recorded in April and was marked in the context of the historical trend. Companies mentioned the effects of ongoing security issues, cash flow problems and the political environment on demand, with latest data showing another steep decline in total new orders. New export sales, on the other hand, fell only marginally and at the weakest rate for three months.

The challenging business environment continued to have an impact on the labour market, with firms reducing employment for the third month in a row in May. A further sharp, and slightly accelerated, decline in

backlogs of work underlined a lack of pressure on business capacity. That said, as has been the case throughout the current sequence of job losses, the rate of decline in workforce numbers was only modest.

Businesses also pared back their quantity of purchases in May; however, a lack of sales meant that stock levels continued to rise. In line with the reduction in firms' buying activity, supplier delivery times were found to have improved slightly from the previous month.

With demand continuing to falter and competitive pressures remaining strong, May saw businesses in Lebanon reduce their prices charged for goods and services. The decrease was the third in as many months, albeit with the rate of decline easing slightly since April.

Cost pressures faced by businesses were meanwhile subdued, with input prices rising only marginally amid a slight increase in average prices paid for purchases.

Finally, the survey found that companies remained pessimistic about the year ahead outlook for output. Expectations improved slightly since April, but they were still the second-lowest in the past 11 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.

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 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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