

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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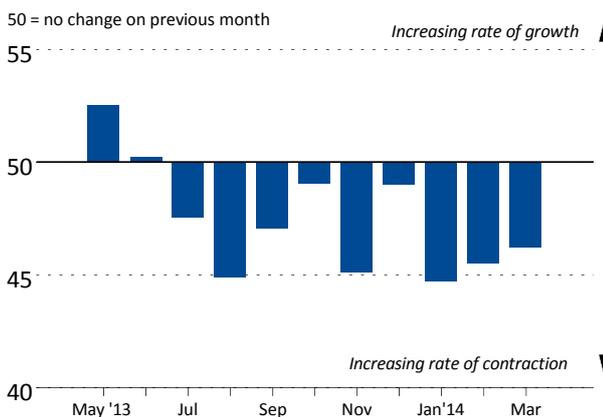
BLOM Lebanon PMI™

March sees further contraction of private sector economy

Data collected 12-25 March

- **BLOM PMI™ at 46.2, signals deterioration in business conditions**
- **Sharp falls in output and new business recorded**
- **Employment dips slightly**

BLOM Lebanon PMI



This report contains the sixth public release of data collected from the new 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 seasonally adjusted BLOM Lebanon PMI™ posted at 46.2 in March, up slightly from February's mark of 45.5 but still indicative of a further substantial worsening of business conditions within Lebanon's private sector economy. The headline index recorded an average of 45.5 over the opening quarter as a whole, which was down on the 47.7 registered in the final three months of 2013.

Commenting on the latest survey findings, Marwan Mikhael, Head of research at BLOMINVEST Bank said:

"Business conditions continued to deteriorate in March however at a slower rate. Spillovers from the war in Syria remain the major factor negatively affecting the Lebanese economy. The tourism sector is still suffering and is heavily weighing on the wholesale, retail, and hotels and restaurants sectors. Output and new orders are the two sub-indices in these sectors that are being affected the most. The improvement of the PMI in the upcoming months will depend on the security developments and on the approaching political deadlines such as the presidential and parliamentary elections."

The main findings of the March survey were as follows:

As has been the theme in recent months, security issues weighed heavily on economic performance during March. Output levels fell and the appetite for new business also waned. Rates of decline in both business activity and new work remained sharp, despite being the slowest in the year thus far. Adding to companies' woes was a further contraction in incoming new orders from abroad, the third in successive months.

In line with deteriorating order books, Lebanese firms lowered their employment levels slightly during March.

It was the second consecutive month of net job losses in the private sector economy. Still, staffing capacity was sufficient for further inroads to be made into outstanding business, as has been observed throughout the opening quarter.

Purchasing activity among businesses also decreased for a third straight month in March, though to a lesser extent than output, thereby leading to a rise in stocks of purchases. The average time taken for suppliers to deliver ordered items meanwhile increased slightly, which anecdotal evidence suggested was partly attributable to disruption on transport routes.

March's survey showed a fractional decrease in overall average input prices. The reduction was predominantly a reflection of decreased staffing costs, with prices paid for purchased items virtually unchanged on the month. Output prices in the private sector economy meanwhile decreased for the third month running, though the rate of decline was notably weaker than in February and only modest.

-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 by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. 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@markit.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.

About Markit

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for 32 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/economics.

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