

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT), 4th June 2014

BLOM Lebanon PMI™

PMI edges lower on faster decreases in output and new orders

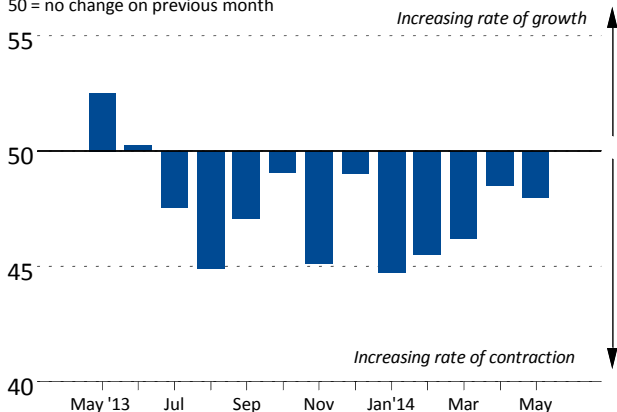
Data collected 12-23 May

- **Rates of decline in output and new orders reaccelerate**
- **Employment falls at slightly faster pace**
- **Cost pressures remain muted**

May saw the seasonally adjusted BLOM Lebanon PMI™ dip from April's reading of 48.5 to 48.0, signalling a further, and slightly accelerated, deterioration in the economic performance of Lebanon's private sector. The headline index has now posted below the 50.0 mark dividing growth and contraction for 11 months in a row.

BLOM Lebanon PMI

50 = no change on previous month



This report contains the eighth 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.

Dr. Fadi Osseiran, General Manager of BLOMINVEST bank commented on May's results:

"We were expecting the PMI to remain on an improving track in May; however, it seems that the political and social concerns have weighted negatively on business activity and overrode the previous month's advances. Uncertainties surrounding the Presidential elections and the public sector's wage scale have restrained consumers and consequently demand. This was especially reflected in the re-accelerating declines of output levels and new orders at businesses, which in turn have led to further cuts in businesses' output prices."

The main findings of the May survey were as follows:

The primary factors causing the headline figure to fall since April were faster decreases in both output levels and inflows of new orders at businesses. Respective rates of decline were solid, with panel member reports linking this weakness in part to the effects on ongoing political uncertainty.

As well as a challenging domestic environment, Lebanese firms also faced a renewed decrease in new export orders after brief return to growth in April. The degree to which foreign new business decreased was solid and the most marked since February.

The downturn in activity continued to impact the labour market, with private sector employment falling for the

fourth consecutive month in May. The rate of decline was the fastest in the year-to-date, albeit still only marginal overall.

Meanwhile, buying activity among businesses was broadly stable; as were stocks of purchases. The average time taken for suppliers to deliver purchased items increased slightly on the month, however, owing partly to security issues, according to panellists.

Cost pressures in the Lebanese private sector remained subdued in May, with average input costs rising only modestly over the month. The main upward pressure on cost burdens was from higher purchase prices, although inflation on this front was also only mild. Average staff costs increased fractionally for a second straight month.

Weakness on the demand-side and competitive pressures led companies to further reduce output prices, extending the current sequence of declining charges to five months. That said, the rate of discounting was less marked than in April.

-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

Markit:

Phil Smith, Economist

Telephone +44-1491-461-009

Email phil.smith@markit.com

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email Joanna.vickers@markit.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 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

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see www.markit.com.

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.

The intellectual property rights to the BLOM Lebanon PMI™ provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 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. Markit is a registered trade mark of Markit Group Limited.