

News Release

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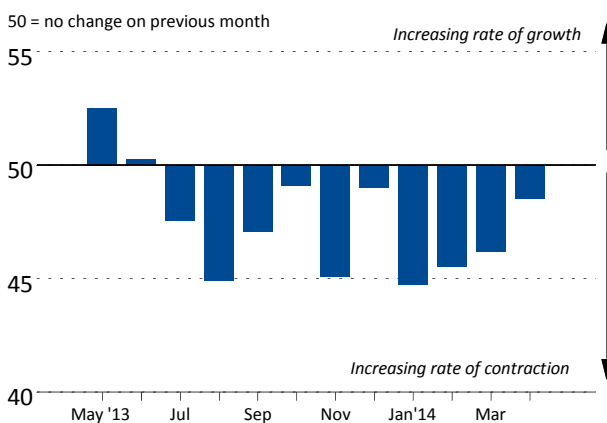
BLOM Lebanon PMI™

PMI at four-month high, signals slower contraction in private sector economy

Data collected 11-24 April

- **Rates of decline in output and new orders ease sharply**
- **Export sales return to growth, albeit at modest rate**
- **Cost burdens rise amid higher purchase prices**

BLOM Lebanon PMI



This report contains the seventh 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.

At 48.5 in April, up from 46.2 in March, the seasonally adjusted BLOM Lebanon PMI™ showed a further, albeit slower, deterioration in the underlying health of Lebanon's private sector economy. The headline index's latest reading was a four-month high, and above the average recorded over survey's 12-month history (47.5).

Commenting on the April's survey findings, Dr Ali Bolbol, Economic Advisor at BLOMINVEST Bank said:

"The Lebanese economy is not out of the woods yet, but the trend of recent months is slowly but clearly indicating towards there. This ease in the deterioration of business conditions is a welcome outcome to the formation of a consensual government and the improvement of the security situation in the North and East of the country, as output decreased at a slower rate and exports actually returned to growth. Looking forward, we hope this trend is reinforced by the election of a new president in the near future".

The main findings of the April survey were as follows:

Output levels and new order intakes continued to fall in April, but rates of decline eased sharply since March to the slowest in four and ten months respectively. While there were widespread reports of security issues depressing activity, a number of firms commented on a more stable situation during the latest survey period.

There was also some mention among panellists of output prices being reduced in order to boost new business. April saw average charges fall to the greatest extent since last September, which consequently

extended the current sequence of decline to four months.

Also helping to support the overall level of incoming new work was a rise in export sales. Although only modest, the increase in export business was the most marked in the short series history.

Companies generally maintained a preference for lower staff numbers in April. That said, the latest round of job cuts was only marginal and the weakest in the current three-month sequence of falling employment. Purchasing levels were also lowered slightly by businesses, falling in accordance with the downturn in output requirements and leaving stocks of purchases little changed on the month.

On the supply side, companies faced no change in suppliers' delivery times but did see their purchase prices rise on average. Inflation in purchasing costs was the most marked in 2014 so far (albeit only modest in the context of historical survey data), and the principal factor behind an overall increase in cost burdens, with staffing costs up only fractionally on the month.

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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.

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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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