

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
 18<sup>th</sup> November 2013

### BLOM Lebanon PMI™

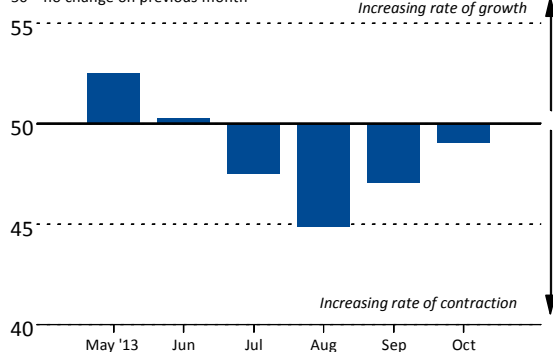
#### Lebanese economic downturn eases at start of Q4 2013

Data collected 11-24 October.

- **PMI at 49.1 in October (September 47.0)**
- **Output and new orders fall further**
- **Employment little changed**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the first 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 49.1 in October, the BLOM PMI™ posted a reading below the neutral 50.0 mark, indicating a deterioration

in overall operating conditions for the fourth successive month. However, by rising further from a low of 44.9 in August, the rate of contraction is now only marginal, with the PMI having signalled a marked easing in the pace of contraction over the past two months.

**Commenting on the latest survey findings, Dr. Fadi Osseiran, General Manager of BLOMINVEST BANK said:**

*"The PMI readings have been signalling a continuous fall in economic activity since July. However, contraction has eased in the past two months, consistent with the receding fears of a full-fledged security crisis in the region. The decelerating declines in the PMI since August restore confidence in that a stable security situation represents a solid ground for a rebound in economic activity, and might even revert to growth as the coming two months represent a period that weighs significantly on the year's economic performance."*

**The main findings of the October survey were as follows:**

Lebanese companies reported that levels of production, new orders and new export orders were all moderately lower than one month ago in October. The main factor driving the trends in these variables remained the challenging economic and political situation within Lebanon and also in neighbouring states.

The downturn in the Lebanese private economy was also partly reflected in the labour market, as lower levels of business activity and new orders discouraged companies from taking on additional staff. Employment levels were therefore broadly unchanged since September, while average wages and salaries were also little-changed over the month.

Overall cost inflationary pressure continued to ease in October. Apart of the near-stagnant trend in staff salaries, companies reported a further easing in the rate of increase in average purchase prices as well. Moreover, average purchasing costs rose at the weakest pace in the six-month survey history.

The PMI survey also collects data on suppliers' delivery times, which provide a useful advance indication of likely supply-side inflationary influences. When lead times lengthen, this often indicates that input prices may rise as suppliers struggle to meet current raw material demand. October saw little-change in average vendor lead times, consistent with a benign near-term outlook for supply-chain price pressures.

Efforts to rebuild stocks led to an increase in purchasing activity for the first time in four months during October. Input buying activity rose to a modest extent, with just over 7% of companies reporting an increase. Subsequently, stocks of purchases showed a solid expansion since September, with the rate of growth in inventory levels the steepest since May.

-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](mailto: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](http://www.blominvestbank.com).

**About Markit**

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information, see [www.markit.com](http://www.markit.com).

**About PMIs**

*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](http://www.markit.com/economics).

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