

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 11:00 (BEIRUT), 3<sup>rd</sup> December 2014**

### BLOM Lebanon PMI™

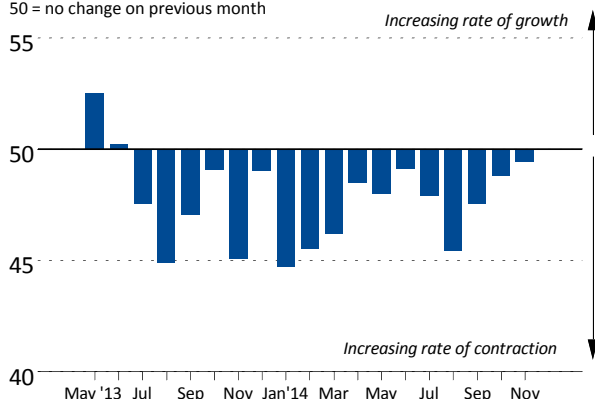
#### PMI shows economic downturn easing

Data collected 12-24 November

- **November sees slower falls in output and new orders**
- **Exports rise for first time since April**
- **Output prices hold broadly steady**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the fourteenth 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 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 headline BLOM Lebanon PMI climbed to a 17-month high of 49.5 in November, from 48.8 in October. The headline index has now risen in each of the past three months, signalling a sustained slowing of the rate of economic contraction. The latest reading was consistent with only a marginal deterioration in overall business conditions.

**Commenting on Novembers' results, Mr. Marwan Mikhael, Head of Research at BLOMINVEST Bank, said:**

*"The improvement on the security front had a positive impact on economic activity with the PMI almost reaching its neutral level of 50. In fact the contraction rate has been on a declining trend since September. Many sub-indices registered growth over the previous month including export orders, backlogs of work and quantity of purchases. All sub-indices showed an increase in the number of surveyed businesses that had no change from the previous month. This advancing trend is expected to continue if no negative surprises occur on the political and security scenes."*

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

Businesses recorded a slower decrease in output in November, the weakest in 2014 so far. This was in line with the rate of contraction in new orders having eased for the third straight month. Nevertheless, both output and new orders have now decreased for 18 months in a row.

Helping to support total inflows of new business in the Lebanese private sector economy during November was a slight rise in the level of new export orders. The

increase in new orders from abroad, albeit only marginal, was the first in seven months.

November saw employment rise for a third straight month, although the pace of job creation was weakest in this sequence and only marginal. Businesses also raised buying levels, contributing to a further, albeit slower, increase in stocks of purchases. Pre-production inventories have now risen in five of the past six months.

Corresponding with stronger demand for inputs, supplier delivery performance deteriorated during November. Lead times lengthened for the third month in a row, and at a marginal rate that was little-changed from that recorded in the preceding survey period.

Prices paid for purchased items were meanwhile virtually stable, following modest inflation in the prior two months. However, average staffing costs increased slightly in November, leading to a marginal overall rise in cost burdens at Lebanese businesses. This placed further pressure on profit margins as businesses kept output prices broadly unchanged amid competitive pressures. The stabilisation in output prices followed four months of decline.

-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).

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

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