

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

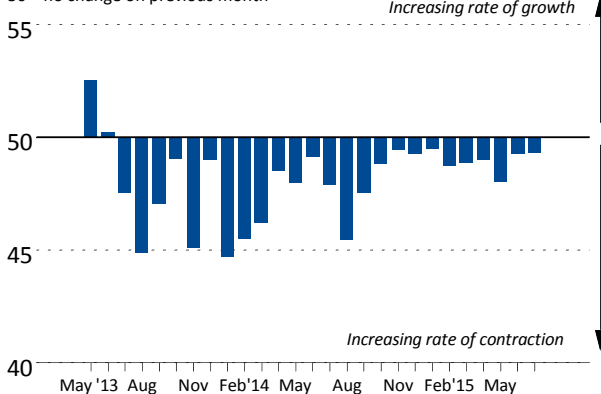
Private economy posts further modest contraction in July

Data collected 13-27 July

- **Headline PMI unchanged at 49.3**
- **Output and new orders fall more slowly, though job cutting resumes**
- **Output prices drop at slightly faster rate**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-second 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 seasonally adjusted BLOM Lebanon PMI registered an unchanged reading of 49.3 in July, pointing to a further modest deterioration in overall business conditions in Lebanon's private sector economy.

Commenting on July's PMI results, Marwan Mikhael, Head of Research at BLOMINVEST Bank, said:

"The PMI stagnated in July reflecting the political deadlock in the country and indicating a very slow but continuous decline in the private sector activity. New orders are still declining however at a lower rate than the previous two months. Although output prices also deteriorated, it may be largely due to the depreciation of the Euro and the decline in oil prices. Private sector firms are trying to cope with a situation that may drag in the future in light of the political and security developments in the region."

The main findings of July's survey were as follows:

Output decreased again during July, falling for the twenty-sixth straight month amid a further reduction in incoming new business. However, on both fronts, the rates of decline were only modest and slightly slower than in the preceding survey period.

Mentions of political uncertainty among those reporting lower new business suggested that weaker domestic demand weighed on overall sales. New orders from abroad were, meanwhile, stable during the month, following gains in both May and June.

One factor imparting a negative directional influence on the headline PMI was employment which, after rising slightly in each of the previous two months, returned to

contraction during July. That said, the rate of job cuts was only fractional.

Firms' buying levels, on the other hand, rose in the latest survey period, reversing the marginal decrease recorded at the end of the second quarter. This contributed to a third consecutive monthly increase in stocks of purchases, with the rate of accumulation the fastest since last September.

Lebanese businesses faced a marginal increase in average supplier delivery times in July, marking the second time in the past three months that vendor performance has deteriorated.

Another negative development for firms was an increase in average prices paid for purchased items. However, overall cost burdens fell (on average), partly reflecting a slight drop in staff remuneration.

Companies continued to lower their output charges in order to encourage new business, in line with the trend observed in each of the past four months. Moreover, the rate of decline was the fastest since August 2014.

-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.

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 30 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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