

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 11:00 (BEIRUT), SEPTEMBER 3<sup>rd</sup> 2015**

### BLOM Lebanon PMI™

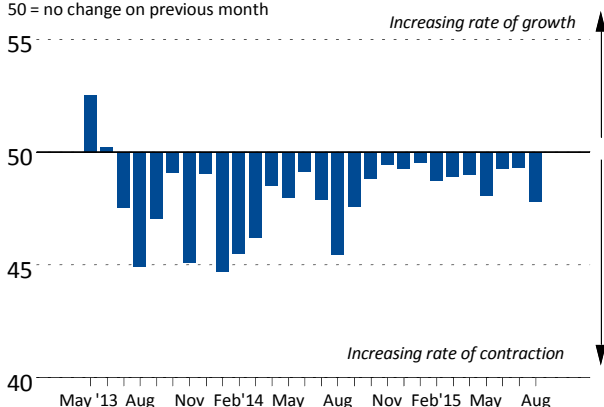
#### Private sector economy contracts at faster pace in August

Data collected 12-24 August

- **Headline PMI dips to 11-month low of 47.8**
- **New orders post sharpest fall since September 2014**
- **Employment decreases slightly for second straight month**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-third 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 health of business conditions in Lebanon's private sector economy deteriorated at a faster rate in August. This was signalled by the headline seasonally adjusted BLOM Lebanon PMI registering 47.8, down from 49.3 in July. This was its lowest reading since September 2014, and the twenty-sixth successive month in which the headline index has posted below the neutral 50.0 level.

**Commenting on August's PMI results, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:**

"Once again, the month of August has offered more proof that the deep political divisions on the country's key issues are behind the slackening business activity within the Lebanese private sector. BLOM Lebanon PMI revealed the sharpest monthly contraction since September 2014 with output and new orders' levels decreasing at a faster pace than that of the previous month. Foreign demand also tightened over the same period as the survey's export orders index maintained its downward trend to hit a 6-month low. Besides the continuous failure in electing a new president, the political bickering between the different parties inside the Cabinet is paralyzing public policy."

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

The drop in the headline PMI partly reflected a faster fall in output levels among businesses. Incoming new orders also decreased at a quicker pace – the sharpest in 11 months – amid reports from panellists of a difficult operating environment, in turn linked to political uncertainty in a number of cases.

Weakness in the domestic market was exacerbated by a drop in new work from abroad, the first for four months.

The downturn in economic activity continued to filter through to the jobs market, with firms reporting a fall in employment for the second month running in August, albeit only marginal.

As well as staffing levels, firms operating in Lebanon's private sector economy also pared back their purchasing activity in August, reversing a marginal gain the month before. Stocks of purchases meanwhile held steady, ending a three-month sequence of accumulation.

The lack of pressure on businesses' resources was further highlighted by a decrease in backlogs of work during August, the seventh in the past eight months and the fastest for one year.

Elsewhere, August data pointed to an improvement in suppliers' delivery times. Prices paid for purchased items meanwhile decreased, leading to an overall fall in cost burdens faced by Lebanese firms for the third consecutive month. Average salaries were broadly stable, however.

Lower input prices were passed on by businesses to their clients, with output charges down for the fifth consecutive month in August. That said, the rate of decline was the weakest in this sequence and only marginal.

-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](mailto:marwan.mikhael@blominvestbank.com)

**Markit:**

Phil Smith, Economist

Telephone +44-1491-461-009

Email [phil.smith@markit.com](mailto:phil.smith@markit.com)

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email [joanna.vickers@markit.com](mailto: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, and by company workforce size. 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 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 approximately 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see [www.markit.com](http://www.markit.com).

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

The intellectual property rights to the BLOM Lebanon PMI™ provided herein are owned by or licensed to Markit. 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.