

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

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### BLOM Lebanon PMI™

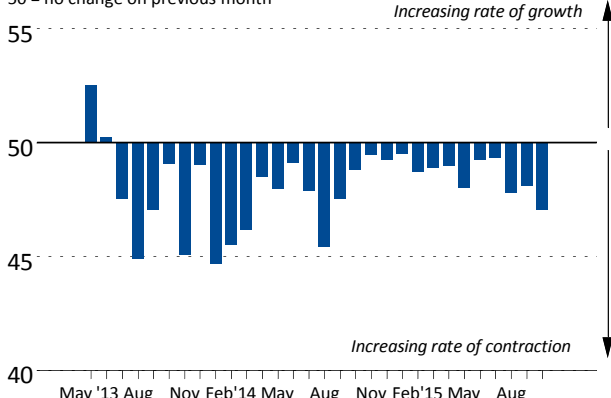
#### PMI drops to 14-month low in October, showing sharper economic downturn

Data collected 12-26 October

- **Output falls at fastest rate since August 2014**
- **New export orders post third straight monthly decline**
- **Cost burdens decrease amid lower purchase prices**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-fifth 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 downturn in Lebanon's private sector economy gathered pace at the start of the fourth quarter.

October saw the headline seasonally adjusted BLOM Lebanon PMI drop to a 14-month low of 47.1, from 48.1 in September. The index has now registered below the crucial 50.0 threshold for 28 months in a row, with the latest reading lower than the average over this sequence (47.8).

**Commenting on October's PMI results, Marwan Mikhael, head of research at BLOMINVEST Bank, said:**

"There is no doubt that the political standstill and the social upheaval are heavily weighing on the business activity of the private sector. Despite a decline in raw materials prices, and the consequent reduction in output prices, companies continue to report a drop in activity. Moreover, the decline in oil prices and the instability in the region are also hurting exporters to the Gulf countries. We hope that an improvement on the domestic political front will spur consumption and help the private sector return to growth."

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

Lebanese businesses recorded an acceleration in the rate of decline in output in October, to the sharpest since August 2014. A further decrease in incoming new work, the twenty-ninth in successive months, was a contributory factor behind the latest contraction in activity.

As well as commenting on difficult conditions within their country, Lebanese businesses also recorded a third straight monthly fall in new orders from abroad. Moreover, the extent of the decrease during October was the most marked for eight months.

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The number of people employed in Lebanon's private sector economy fell slightly during October, thereby partially offsetting the modest rise seen in September.

October also saw a return to contraction in firms' buying levels following a brief upturn at the end of the third quarter. In turn, this contributed to a drop in stocks of purchases for the first time in six months, albeit one that was only marginal.

Suppliers' delivery times lengthened slightly in October, marking the third time in the past four months that vendor performance has deteriorated. A number of respondents cited delays at ports as the reason for longer lead times.

Elsewhere, October's survey showed a drop in average costs faced by businesses amid falling raw material prices. Average staffing costs were broadly unchanged over the month. Reflective of competitive pressures and attempts to generate more work, companies lowered their output charges for the seventh month running, and to the greatest extent since April 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 GDP and 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).

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

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