

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), DECEMBER 3rd 2015

BLOM Lebanon PMI™

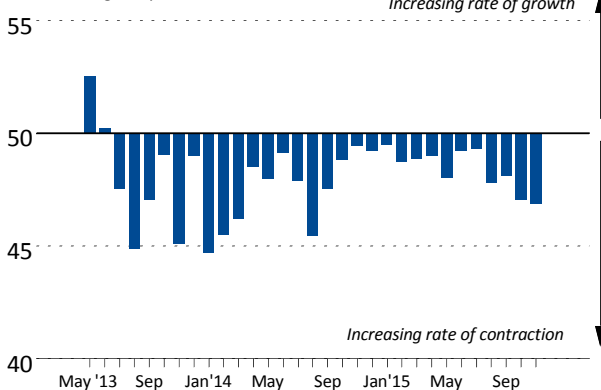
PMI falls further to signal deepening downturn

Data collected 12-24 November

- **Business activity contracts as new orders drop at fastest rate in 15 months**
- **Employment decreases marginally for second month running**
- **Deflationary pressures persist as input and output prices fall**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-sixth 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 rate of deterioration in business conditions in Lebanon accelerated further during November. At 46.9, down from October's 47.1, the headline seasonally adjusted BLOM Lebanon PMI showed the sharpest deterioration in the health of the private sector economy for 15 months.

Comment by Dr Ali A. Bolbol, Economic Advisor at Blominvest Bank, on Lebanon's PMI for the month of Nov 2015:

"Lebanon's Purchasing Managers' Index (PMI) declined further for the second month in a row, reflecting the growing political uncertainties in the Lebanese economy. The reading for the month of November 2015 was 46.9, driven by an accelerated decline in new orders that was only slightly tempered by a slower fall in exports. Although output and input prices fell at a decreasing rate, deflationary pressures persist since at least the beginning of the year. The evidence shows yet again the severe weakness of demand in the economy – an economy that is also being denied any adjustments from lower prices and does not seem to see any "light at the end of the tunnel". Hopefully, the current talk about a political settlement could reverse all that in the near future."

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

The lower PMI reading was largely reflective of a faster decrease in new orders received by businesses, the sharpest since August 2014. Panellists mentioned that the unstable situation in the country – linked to security, political and economic issues – led to lower demand for goods and services. Moreover, new orders from abroad fell for a fourth straight month.

The level of private sector output in Lebanon contracted again in November, marking a two-and-a-half year

sequence of continuous decline. The rate at which output fell was little-changed from the sharp pace recorded in October.

Employment decreased for a second successive month in November. That said, the rate of job cuts remained only marginal, leaving businesses with ample resources to make further inroads into their backlogs of work, which declined for a fifth month running.

Companies' purchasing activity also remained in contraction, dropping for the third time in the past four months. The extent to which buying levels were scaled back was much less marked than the concurrent fall in business activity, however, leading to a modest build up of inventories.

Average supplier delivery times increased slightly in November, as has been the case in four of the past five months.

Elsewhere, data showed a further decrease in average prices paid for purchases, linked by respondents to the effects of a weak euro and lower commodity prices. Although only slight, the decrease in purchase prices was sufficient to offset marginally higher average salaries/wages, leading to a drop in overall cost burdens.

Meanwhile, average prices charged for goods and services fell for the eighth straight month, albeit only fractionally.

-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

Markit:

Phil Smith, Economist
Telephone +44-1491-461-009
Email phil.smith@markit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email 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 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.

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.

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.

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.

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.