

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

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### BLOM Lebanon PMI™

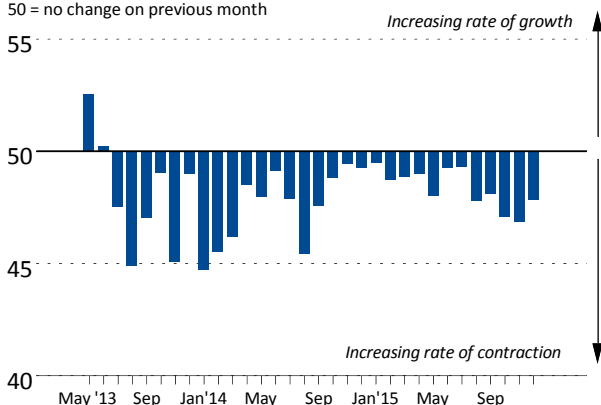
#### PMI signals slower deterioration in business conditions

**Data collected 4-17 December**

- **December PMI reads 47.9, its highest in three months**
- **Further solid, albeit slower, falls in output and new orders**
- **Slight drop in employment for third month running**

#### BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-seventh 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 signalled a further deterioration in business conditions in the private sector economy in December. However, at 47.9 from 46.9 in November, the latest reading was the highest in three months and showed an easing of the rate of decline.

**Commenting on December's results, Dr. Fadi Osseiran, General Manager at Blominvest Bank, said:**

*"Despite the persisting deterioration of business conditions, the slowing decreases we noticed in output levels and new orders may have been the result of the political talks during December that stirred hopes regarding a potential breakthrough in the presidential conundrum. For the coming months, a political consensus regarding the election of a new president remains at the heart of any improvement in the private sector's economy."*

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

Private sector output fell again during the final month of the year, with the latest decrease – the thirty-first in successive months – solid but the slowest since August. Reasons firms gave for lower activity included instability in the country and the uncertain political situation.

Demand remained subdued during December, as highlighted by a further reduction in new business. Similar to the trend in output, the rate of decline in new work eased but remained solid. December also saw a drop in inflows of new business from abroad, the fifth in as many months.

The labour market continued to suffer as a consequence of deteriorating economic conditions, with employment levels slipping for a third straight month in December.

Although modest, the rate of decline in staff numbers was the fastest since August 2014.

Backlogs of work were reduced during December in a further sign that firms had excess resources; with the latest fall in outstanding businesses being the sixth in consecutive months.

December's survey showed that companies continued to scale back on their purchasing activity, a constant feature throughout the final quarter. Meanwhile, inventory levels rose only slightly and at a slower rate than in November.

Latest data showed signs of slight deflationary pressures, with marginal falls in both average prices charged for goods and services and businesses' input costs recorded. The latter was linked to slight drops in both purchase prices and average staff costs.

Finally, average supplier delivery times improved fractionally in December, ending a three-month spell of deteriorating vendor performance.

-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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