

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

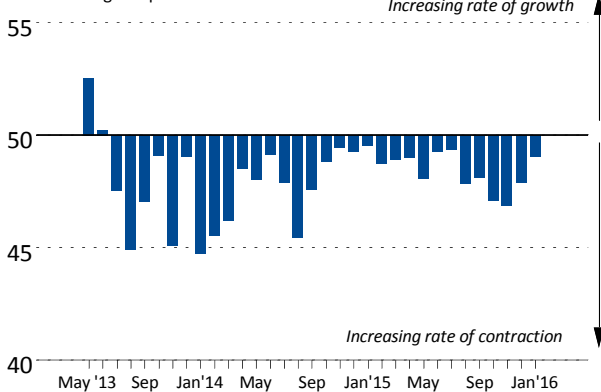
PMI rises to six-month high in January

Data collected 12-25 January

- **Downturn in business conditions continues to ease at the start of 2016**
- **Output and new orders fall at slowest rates since last July**
- **Employment stabilises after falling throughout Q4 2015**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-eighth 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.

January saw the headline seasonally adjusted BLOM Lebanon PMI rise to a six-month high of 49.1, up from 47.9 in December. Although still signalling worsening operating conditions at private sector businesses, the index was at a level indicative of only a modest rate of deterioration, and one that was slower than the average for 2015 as a whole.

Commenting on Lebanon's PMI for the month of January 2016, Maya Mantach, Head of Equities at BLOMINVEST BANK:

"Despite remaining in the contraction area, January's PMI stood above 2015's average. Hopefully this will be the start of a more optimistic trend in the private sector's performance this year. However, we noticed that foreign demand for Lebanese products and services failed to improve this month, most probably due to the regional tensions and the decline in oil prices. This creates a higher sense of urgency to revive local demand, by solving the presidential dilemma and moving forward to other pressing issues."

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

January's survey showed further falls in both output and inflows of new work at private sector firms, highlighting the continuing impact of political uncertainty and subdued market demand on business performance. That said, the respective rates of decline were only modest, having both eased to the weakest since last July.

One area where the data did show greater weakness was in new export orders, which fell for the sixth month running and at the steepest rate since October.

Employment at private sector firms stabilised at the start of 2016, having fallen on a monthly basis

throughout the final quarter of last year (albeit only slightly). Moreover, January's data showed a rise in businesses' purchasing activity for the first time in four months, which in turn contributed to faster growth of stocks of purchases.

Backlogs of work continued to fall, marking seven consecutive months of decline. However, having eased further from the sharp rate of depletion seen in October last year, the pace of decline in the latest survey period was only slight.

Separately, Lebanese private sector firms reported little change in terms of overall costs in January. A fractional rise in average wages, which reversed a decrease during the month before, went hand in hand with no change in purchase prices. That said, there were some mentions from panellists of lower prices for primary products globally.

Meanwhile, competition and efforts to boost inflows of new work led businesses to reduce their output charges for the tenth month in a row.

Elsewhere, latest data showed a second straight monthly improvement in vendor performance, albeit marginal.

-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.

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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