

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

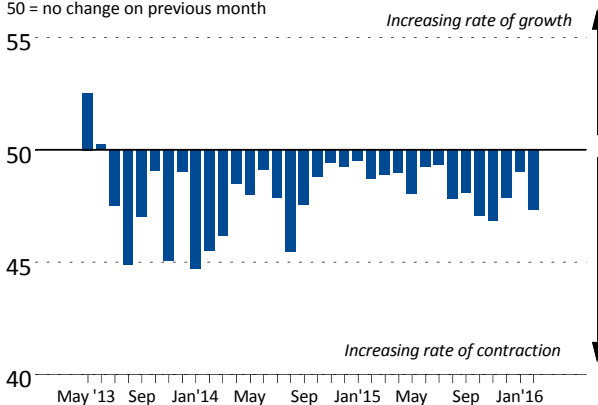
Business activity falls at fastest rate for three months in February

Data collected 12-23 February

- **Output and new orders both contract at sharper rates**
- **Employment holds steady, but firms scale back buying levels**
- **Prices charged fall at quickest rate since October**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the twenty-ninth 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 sank to 47.4 in February, from January's 49.1, signalling a faster deterioration in the business conditions of the private sector economy. It was the lowest reading since November, and the thirty-second month in a row that the index has registered below the critical 50.0 threshold.

Commenting on February's PMI results, Marwan Mikhael, Head of Research at BLOMINVEST Bank, said:

"The slowing pace of contraction in January was short lived, as the BLOM PMI reached a three-month low in February. It seems like local demand was mostly behind the deteriorating activity as exports orders barely fell. The declining new orders could be linked to fading hopes regarding a potential breakthrough in the country's political deadlock following the upbeat performance of last month. Looking forward, the slowdown of economic growth in the GCC countries due to the sharp decline in oil prices, in addition to the political inertia on the domestic front will continue to weigh on the economic activity of the private sector."

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

A modest drop in business activity in January was followed by a solid and faster contraction during February, as the rate of decline in new business accelerated to the quickest in three months. New export orders fell at a softer pace and one that was only modest overall, suggesting that weaker domestic demand was mostly to blame for the deterioration in performance.

Despite trends in business activity and new orders having worsened, private companies kept payroll numbers broadly unchanged during February, the second month in a row in which this has been the case.

February did, however, see the scaling back of purchasing activity among businesses, with buying levels falling to the greatest extent since August 2014. Stocks of purchases broadly stabilised, halting a three-month sequence of accumulation.

Backlogs of work were reduced for the eighth month in a row, reflective of a lack of incoming new work. Furthermore, February's decrease was the most marked for two years and one of the fastest ever recorded by the survey, which began in May 2013.

Elsewhere, February's data showed a faster decrease in average prices charged for goods and services, the sharpest since October. Competitive pressure was one of the reasons behind the latest fall in output prices, according to anecdotal evidence, although lower average costs also played a part. Both purchase prices and average wages fell slightly during the month.

Finally, businesses reported no change in suppliers' delivery times compared with the previous month. This followed back-to-back improvements in December and January.

-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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