

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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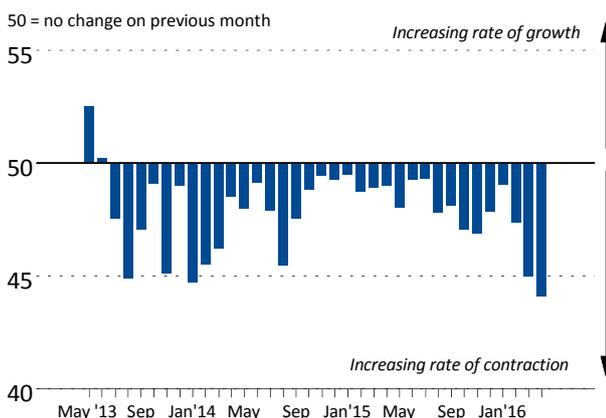
BLOM Lebanon PMI™

PMI drops to survey-record low amid sharper downturns in output and new orders

Data collected 12-25 April

- **Output shows sharpest fall in three years of data collection**
- **New orders, backlogs and buying levels all post survey-record contractions**
- **Rate of job losses picks up to fastest in 28 months**

BLOM Lebanon PMI



This report contains the thirty-first 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.

Business conditions across Lebanon's private sector economy deteriorated sharply in April. At 44.1, down from 45.0 in March, the headline seasonally adjusted BLOM Lebanon PMI registered its lowest reading in three years of data collection.

Commenting on the April 2016 PMI results, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:

"It comes as no surprise that the BLOM Lebanon PMI plummeted to a survey-record low. Policy inaction here at home and the persistent unrest in the region are continuing to heavily weigh on investors' and consumers' confidence alike. The resulting slump in local and foreign demand has inevitably translated into sharper falls in output and new orders. Lebanon's private sector businesses are attempting to adjust to the burdensome operating conditions but a true turnaround can only be achieved by actively tending to the macroeconomic issues at hand."

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

The headline index was weighed on by sharp and accelerated downturns in both output and new orders, the fastest ever recorded by the survey. Anecdotal evidence suggested that demand had weakened notably during the month due to an unstable political situation and issues concerning security. Moreover, businesses also faced a marked decrease in new orders from abroad, the sharpest since August 2014.

The lack of incoming new work at Lebanese businesses impacted negatively on both buying levels and employment in April. Purchasing activity, in fact, fell to the greatest extent in the survey's three-year history, while the rate of job losses was the most marked since December 2013 (albeit only moderate overall).

Backlogs of work also contracted at a survey-record pace as businesses struggled to replenish order books, thereby extending the current downturn in work-in-hand to ten months.

Some efforts were made to boost sales through discounting, which contributed to a thirteenth straight monthly drop in average output prices. That said, the rate of decline was slower than in March.

Average cost burdens faced by businesses decreased slightly in April, largely reflecting lower prices paid for purchases. Wages, on the other hand, rose slightly during the month, following marginal falls in both February and March.

Inventory levels continued to increase during April amid the downturns in production and sales. This maintained the trend seen throughout the past six months, although the rate of accumulation eased since March.

Finally, April's survey data showed little change in suppliers' delivery times.

-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.

About Markit

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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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