

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), August 3rd 2016

BLOM Lebanon PMI™

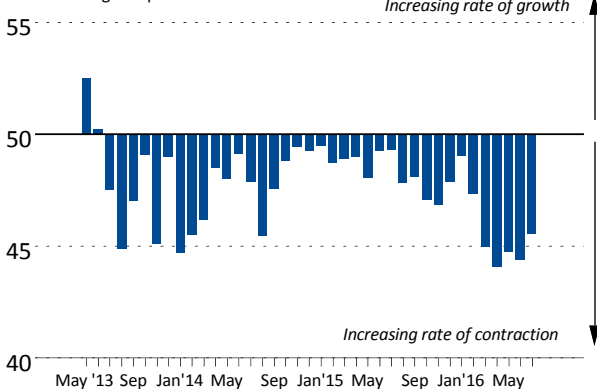
PMI moves higher but still shows steep downturn in business conditions

Data collected 12-25 July

- **Headline PMI ticks up following second quarter record low**
- **Further sharp, albeit slower, decreases in output and new orders**
- **Higher purchase prices behind the slight rise in cost pressures**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the thirty-fourth 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.

At 45.5, the headline BLOM Lebanon PMI showed a deterioration in overall business conditions across Lebanon's private sector economy in July. Although the index was above its second quarter average (44.4), the lowest in the survey's history, it remained well below its historical series trend level (47.6).

Commenting on the July 2016 PMI results, Myrna Chami, Senior Economist at BLOMINVEST Bank, said:

"Despite the lingering uncertainties related to the country's political deadlock, July saw a decelerating deterioration in the private sector's business conditions. The recuperating tourism and real estate activities may have helped in slowing the decreasing levels of output and new orders. Businesses may expect this advancing trend to endure in the absence of "shocks", or in the case of a political breakthrough taking place to fill the presidential vacuum."

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

Business activity fell sharply in Lebanon during July, with panel members commenting on an unstable operating environment amid ongoing economic, political and security issues. That said, the rate of decline in output eased to the slowest for five months.

There was a similar trend in new business, with the latest decrease – the thirty-eighth in consecutive months – being the least marked since February but still sharp overall. The rate of decline in total new orders remained much faster than that of new business from abroad, despite the latter having quickened slightly since June.

Private sector companies continued to trim headcounts during July, thereby extending the current sequence of falling employment to five months. The modest decrease in staffing numbers was reflective of a lack of

workplace activity, which was further evidenced by a steep drop in the amount of work-in-hand (both in progress and not yet started) among Lebanese businesses.

July saw a decrease in companies' purchasing activity, the sixth in as many months. However, inventory levels rose slightly, in line with the depicted trend since November last year. Average delivery times for purchased items were unchanged in July, ending a three-month sequence of improving supplier performance.

Average prices charged for goods and services decreased at a modest pace that was slightly faster than that of June. That was despite cost burdens having increased for the first time in six months amid a rise in purchase prices facing businesses. Meanwhile, average staff costs fell slightly.

-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

IHS Markit:

Phil Smith, Economist

Telephone +44-1491-461-009

Email phil.smith@ihsmarkit.com

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email joanna.vickers@ihsmarkit.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 IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2016 IHS Markit Ltd. All rights reserved.

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/product/pmi.

The intellectual property rights to the BLOM Lebanon PMI™ provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS 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. IHS Markit is a registered trade mark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).