

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

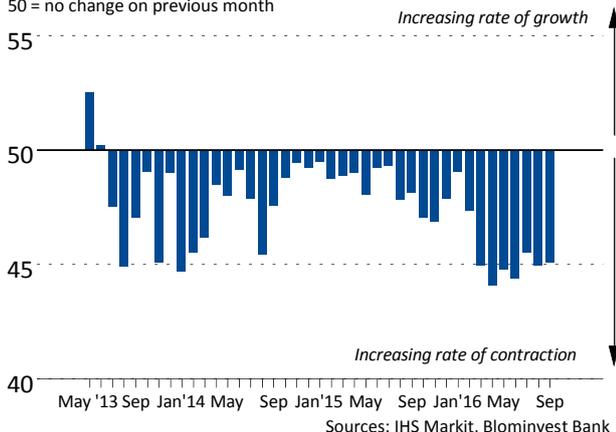
Private sector economy sees further contraction in September

Data collected 12-26 September

- **Output falls sharply amid steep drop in new orders**
- **Employment decreases for seventh month running**
- **Average prices charged for goods and services remain in decline**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the thirty-sixth 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 45.1 in September, up only slightly from August's 45.0, the headline BLOM Lebanon PMI pointed to another sharp deterioration in the health of Lebanon's private sector economy. That said, the index's average over the third quarter as a whole (45.2) was slightly higher than that of the previous three months.

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

"Private sector companies have long experienced a lack of consumer confidence and waning investment sentiment that worsened during the first three quarters of 2016. In fact, the BLOM PMI has averaged 45.6 points so far this year compared to a slower contraction of 48.8 points by September 2015. A positive political shock is necessary to pull out the private sector from the deep downturn in business activity since mid-2013."

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

September saw the level of output across the private sector economy fall steeply, maintaining the current downturn in business activity seen since mid-2013. Moreover, the rate of contraction was the fastest recorded since June.

A further decrease in incoming new work was a key factor behind the drop in output at Lebanese businesses. Political uncertainty continued to act as a drag on demand, according to anecdotal evidence, with panellists also commenting on a general unwillingness among clients to spend as well as cash flow problems. There was also a fall in the level of new export orders, although the rate of decline was much slower than that of total incoming new business.

On the jobs front, September saw a seventh straight monthly decrease in private sector employment. However, the rate of job losses was only marginal and the slowest in this sequence. Backlogs were reduced despite the contraction in staffing capacity, extending the current spell of depletion to 15 months.

Elsewhere, September's survey showed a further decrease in average prices charged for goods and services, in line with the trend seen throughout the past year-and-a-half. The rate of decline matched the series average, but softened since August.

Adding to the squeeze on firms' operating margins, average input prices faced by businesses increased for the third month in a row in September, reflecting both higher prices paid for purchases and salary pressures.

Meanwhile, delivery times for purchased items improved for the second month in a row as buying levels continued to fall.

-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@ihsmarkit.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/product/pmi.

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