

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**

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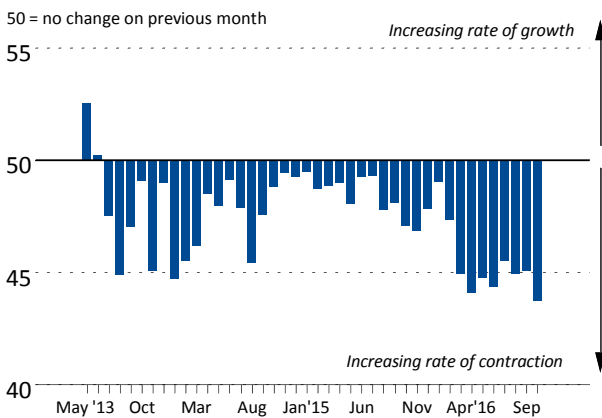
### BLOM Lebanon PMI™

#### PMI drops to record low in October

Data collected 12-25 October

- **Sharp and accelerated falls in output and new orders**
- **Rate of job losses fastest in survey's three-and-a-half year history**
- **Prices charged fall again despite rise in costs**

#### BLOM Lebanon PMI



Sources: IHS Markit, Blominvest Bank

This report contains the thirty-seventh 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 43.8 in October, down from September's 45.1, the headline BLOM Lebanon PMI pointed to the steepest deterioration in business conditions across the private sector economy since data collection began in May 2013.

**Commenting on the October 2016 PMI results, Maya Mantash, Head of equity research at BLOMINVEST Bank, said:**

*"The PMI hits its lowest recorded reading since the beginning of the surveys in 2013, in the same month that brought the resolution of a two and a half year long Presidential deadlock. This is a very meaningful indication, warning us that although the election will boost market sentiment, it is hardly enough to see the revival of the economy. Local demand on Lebanese products is depressed and has reached its bottom score in October, and output is at another record low. The next month's political agenda is still loaded, but we hope for a fast track formation of the government to start working on real solutions to ease the private sector's recessionary pressures."*

#### The main findings of October's survey were as follows:

Companies reported sharp contractions in both output and new orders at the start of the fourth quarter, with the rate of decline for the latter being a survey record. Instability and political uncertainty were among the factors reported by businesses as having depressed market demand.

Moreover, October saw a further decrease in new business from abroad, the fifteenth in as many months, although the rate of decline was much slower than that for total new orders (domestic and international).

Companies reacted to falling workloads by cutting employee numbers, and at the fastest rate in the survey history. This extended the current sequence of job losses to eight months. Indeed, the existence of excess capacity was underlined by a further sharp drop in

firms' backlogs of work (the amount of orders in progress or not yet started).

Quantities of purchases also showed a steep drop by historical standards in October, with the rate of decline second only to that seen in April. However, lower sales meant that stocks of purchases continued to rise during the month.

Reflective of falling demand for materials, businesses reported a further improvement in suppliers' delivery times, the third in as many months. That said, the extent of the improvement in vendor performance was only marginal.

Average prices charged for goods and services fell again in October, with the rate of decline little-changed from the modest pace seen in the previous survey period and broadly in line with the survey's average. On the other hand, businesses faced a rise in average costs for the fourth month in succession, albeit marginal. Higher purchase prices contributed to the increase in cost burdens, whereas staff pay was unchanged compared with the month before.

-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](mailto: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](http://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](http://www.markit.com/product/pmi).

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