

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), December 5th 2016

BLOM Lebanon PMI™

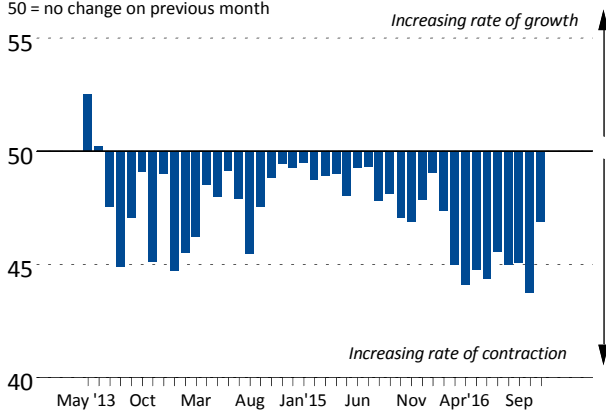
PMI rises to highest level in nine months

Data collected 11-24 November

- **Headline index rebounds from October's record low**
- **Output and new orders both fall at much slower rates**
- **Rate of job losses slows to marginal pace**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the thirty-eighth 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 BLOM Lebanon PMI rose from October's survey-record low of 43.8 to 46.9 in November. This was the highest reading since February, albeit one that still pointed to an overall deterioration in private sector business conditions.

Commenting on the November 2016 PMI results, Marwan Mikhael, Head of Research at BLOMINVEST Bank, said:

"Albeit business activity did not accelerate at Lebanon's private companies in November, the election of a new President, after more than 2 years of political deadlock, did not pass unnoticed and managed to slow down the deterioration of business conditions. The picture could further improve in the upcoming months if a smooth cabinet formation takes place, which would spur additional positive vibes capable of attracting once again capital inflows and foreign direct investments."

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

The level of business activity at Lebanese companies continued to fall during November, although the rate of decline was notably slower than that recorded at the start of the fourth quarter. This was also the case for businesses' new orders, which anecdotal evidence found was still being weighed on by cash-flow problems and instability in the country.

November also saw a further decrease in the amount of new work received from abroad, taking the current sequence of decline to 16 months.

Employment fell across Lebanon's private sector economy for the ninth month running during November. However, the rate of decline was slower than October's survey record and only marginal overall.

Despite the further loss of workforce numbers, companies continued to report falling levels of outstanding business.

The downturn in businesses' purchasing activity also eased in the latest survey period, with November's decrease being the least marked in the current ten-month sequence of contraction. Inventory levels nevertheless rose, albeit more slowly than in October.

On the price front, November's survey data pointed to a further decrease in average prices charged for goods and services, linked in part to competitive pressures. The rate of decline in output prices was the slowest for nine months, however, as businesses faced a further rise in average input costs – the fifth in as many months. Indeed, both purchase prices and staff pay showed marginal rises in November.

Average delivery times for purchased items, meanwhile, increased for the first time since March. That said, the extent of the deterioration in vendor performance was only marginal overall.

-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@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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