

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), August 3rd 2017

BLOM Lebanon PMI®

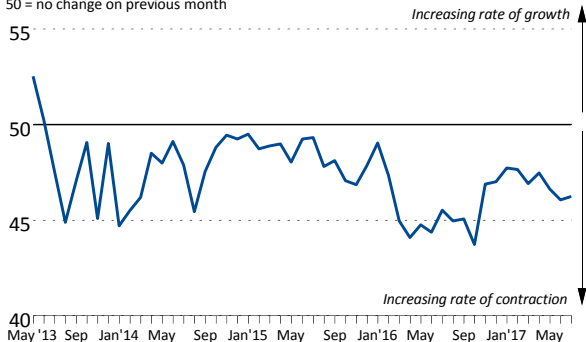
PMI shows further deterioration in business conditions in July

Data collected July 12-24

- **Private sector business activity and employment remain in contraction**
- **New orders decline amid weak demand in domestic market and from abroad**
- **Average prices charged continue to fall at modest rate**

BLOM Lebanon PMI

50 = no change on previous month



Sources: IHS Markit, Blominvest Bank

This report contains the forty-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 IHS 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.

Lebanon's private sector economy remained on a weak footing at the start of the third quarter. At 46.3 in July, up slightly from June's 46.1, the headline BLOM Lebanon PMI was at its second-lowest level in the past nine months and showed a further deterioration in overall business conditions.

Commenting on the July 2017 PMI results, Myrna Chami, Senior Economist at BLOMINVEST Bank, said:

"The month of July failed to register any substantial change in the rate of deterioration of the private sector's business conditions. This could be related to the waves of uncertainties that overshadowed the country after the ratification of the long-awaited salary scale. Rising debates emerged in July and were related to the financing of the public sector's salary scale by a series of tax increases. Still, the favourable impact of recovering tourism can yet hit the real sector and revive private business activity for the period to come."

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

The sub-50 PMI reading in July reflected a marked drop in inflows of new orders received by private sector firms, which in turn weighed on the level of output produced in the economy. The respective rates of decline were slower than in June but remained sharp overall.

Alongside a challenging domestic market – with anecdotal evidence highlighting ongoing political instability and security issues – latest data also showed a solid and accelerated drop in new orders from abroad, the sharpest since October 2016.

Companies continued to reduce staff numbers during July amid a lack of workplace activity. However, the rate of job shedding was only marginal and slightly slower than that seen in the month before.

July also saw a further, albeit slower, decrease in businesses' purchasing activity. Meanwhile, inventory levels increased for the twenty-first month in a row, though the rate of stock accumulation was only marginal and the slowest seen for over a year.

Falling backlogs of work and improving supplier delivery times reflected the low capacity utilisation across the economy. The extent to which outstanding business decreased was in fact the most marked in nine months.

On the price front, July's survey showed a further reduction in average prices charged for goods and services, with the rate of decline unchanged from the modest pace seen in June. Firms' total costs meanwhile fell fractionally and for the third month running, partly due to a drop in average staff pay. Purchase prices were unchanged over the month.

Finally, business sentiment towards the year-ahead outlook improved slightly but remained negative 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, Principal 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.

IHS 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 IHS 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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 85 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 © 2017 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](#).