

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

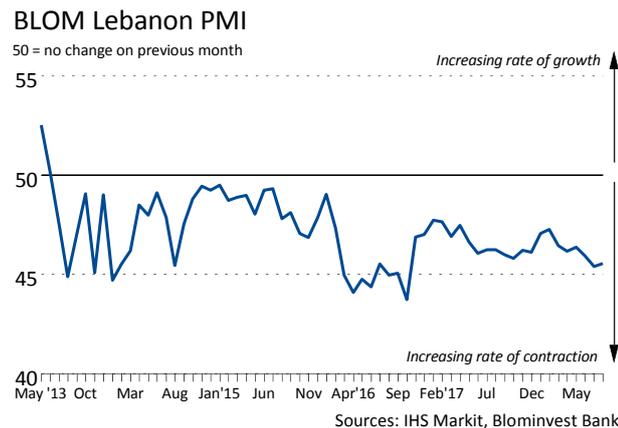
EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), September 5th 2018

BLOM Lebanon PMI®

PMI continues to point to challenging conditions for Lebanese firms in August

Data collected August 13-24

- **At 45.6, PMI up only slightly from July's 21-month low of 45.4**
- **Further downturns in output and new orders**
- **Employment falls at slowest rate for six months**



The health of Lebanon's private sector economy continued to worsen during August, with the BLOM Lebanon PMI staying well inside contraction territory at 45.6. The latest reading was a slight improvement on July's 21-month low of 45.4, but nevertheless the second-lowest seen since October 2016.

Dr. Fadi Osseiran, General Manager of Blominvest Bank, commented the following on BLOM Lebanon PMI's August 2018 results:

"Given the absence of positive economic and political developments, it is not surprising to see the BLOM Lebanon PMI remaining well-below the 50 benchmark at 45.6 in August 2018. In fact, other major economic indicators are also pointing in the same direction. Weak demand continues to be the main impediment to progress in Lebanon's private sector economy. However, in what is otherwise a grim picture, the decline in staff numbers and the pessimistic outlook of surveyed companies have eased as compared to previous months. Looking ahead, it is of utmost importance to swiftly form a government in order to prevent any snow-ball effect in Lebanon's economic problems."

This report contains the latest 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.

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

Demand conditions remained especially weak in August, according to latest data, with inflows of new orders continuing to fall across the private sector. Anecdotal evidence alluded to the current economic and political situations affecting client demand in the domestic market. August also saw the level of exports sales drop further, albeit at the slowest rate for three months.

Accordingly, the output of goods and services in the private sector decreased during August. The rate of contraction was identical to the sharp pace observed in July, which had been the quickest seen since October 2016.

August also saw decreases in both purchasing activity and employment. However, in the case of staff numbers, the latest decline was almost negligible and the least marked in the current six-month sequence of job losses.

Reflective of subdued demand conditions, latest data continued to show a lack of pressure on operating capacity across the private sector. The amount of outstanding business (i.e. orders in progress but not yet completed) fell markedly, while inventories continued to accumulate despite firms scaling back their purchasing activity.

Businesses' efforts to stimulate sales resulted in a further drop in average prices charged for goods and services in August. The rate of decline was quicker than in July but only modest overall. Firms' average costs meanwhile showed little change, rising only fractionally following a slight drop at the start of the third quarter.

Private sector firms generally remained downbeat about the outlook for output over the next 12 months. That said, the degree of pessimism was the least marked since March.

-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 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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>.

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. and/or its affiliates.

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