

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

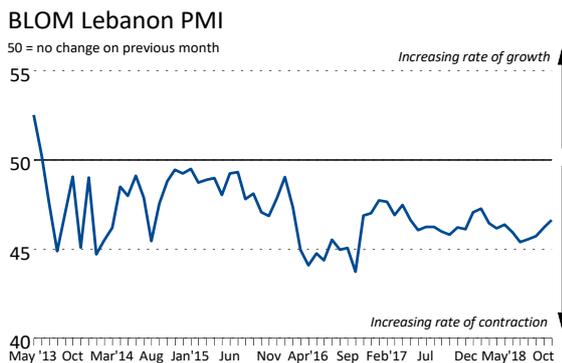
EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), December 5<sup>th</sup> 2018

## BLOM Lebanon PMI®

### Business conditions deteriorate at slowest pace for nine months

Data collected November 12-26

- **Slowest declines in output and new orders since February**
- **Employment falls for the ninth month in a row**
- **Output prices reduced despite further rise in input costs**



Sources: IHS Markit, Blominvest Bank

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.

At 46.7, up from 46.2 in October, the PMI signalled a softer deterioration in private sector business conditions during November. Though solid, the rate of decline was the slowest since February.

**On the PMI results for November 2018, Dr Ali Bolbol, Chief Economist at BLOM Bank, commented the following:**

*"For the third consecutive month, the decline in Lebanon's PMI decelerated to stand at 46.7 in November 2018, driven by decelerated falls in output, new orders, exports, and employment. These results are somewhat surprising for an economy mired by severe political and economic uncertainty, but perhaps they reflect the fact that the Lebanese economy is more flexible than what we think. What is important is that these slower declines gather more strength to reach the 50 mark and more. That is something we hope to be helped by a swift formation of a new government and the implementation of a comprehensive economic reform program making optimal use of the promised "CEDRE" funds."*

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

Underpinning the softer deterioration was a weaker reduction in output. Although the pace of decline remained sharp overall, it decelerated for the third consecutive month in November. Companies continued to mention the negative effects of political uncertainty on the economy.

The same instability continued to weigh on total new orders, which fell for the sixty-sixth month in a row during November. The latest contraction was also the

slowest since February, however. New export orders also fell at a weaker pace as businesses reported only marginal decline.

Challenging business conditions continued to impact the labour market as Lebanese private sector firms made further job cuts in November. The latest fall in employment extended the current run of job shedding to nine months. That said, the decline was slower than in October and only marginal overall. Backlogs of work continued to fall as firms reported ample capacity.

Businesses also pared back their purchasing activity midway through the fourth quarter. However, a lack of sales led to further accumulation of inputs. Despite less demand from clients, vendor performance stagnated in November.

The difficult economic environment meant competition remained strong and firms cut output prices for the ninth month in a row. Moreover, pressure on profit margins persisted as a result of a slight uptick in input prices. The latest rise in cost burdens was driven by both higher purchasing prices and staff costs.

Finally, companies remained pessimistic towards the business outlook. Sentiment improved marginally compared to October but remained strongly negative due to fears of continued political impasse.

-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](mailto:marwan.mikhael@blominvestbank.com)

**IHS Markit:**

Eliot Kerr, Economist

Telephone +44-203-159-3381

Email [eliot.kerr@ihsmarkit.com](mailto:eliot.kerr@ihsmarkit.com)

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email [joanna.vickers@ihsmarkit.com](mailto: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](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).

**About IHS Markit ([www.ihsmarkit.com](http://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](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).