

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

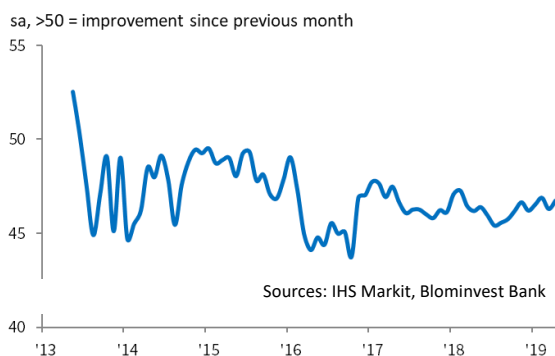
EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), May 6th 2019

BLOM Lebanon PMI®

Deterioration in business conditions softens during April

Data collected April 10-24

- **PMI registers slightly higher at 46.7**
- **Output contracts at slower pace**
- **Softest fall in new export business for almost a year**



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 in April, the BLOM Lebanon PMI rose from 46.3 in March. The latest reading pointed to a further

deterioration in Lebanese private sector operating conditions, although the rate of decline was slower than in March.

Commenting on the April 2019 PMI results, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:

“The formation of a new government gave the economy a breathing space with a PMI above 46.3 since February. However, it is only with a reforms-based government budget that the economy has a chance to pick up. The budget deficit will have to drastically decline in order to unblock donors' soft loans pledged at the CEDRE conference to build the fading infrastructure and for investors' confidence to be restored.”

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

A driving factor behind the further reduction was a continued contraction in output during April. Panel members suggested that latest decline was due to a widespread economic slowdown. Although still sharp overall, the rate of deterioration eased from March.

A slowdown in demand was also evident in April. Sales at Lebanese private sector firms have now fallen in each month since June 2013. Although the rate of contraction eased slightly from that seen in March, it remained historically elevated and sharp overall.

The reduction in new business was partially driven by a further decrease in international sales. Some firms attributed the decline to regional instability. That said, the latest contraction in exports was only marginal overall and the softest recorded for nearly a year.

Private sector firms continued to cut staff numbers at the beginning of the second quarter. Survey respondents blamed a lack of work for the latest round

of job losses. However, the rate of reduction remained only marginal overall and eased slightly from that seen in March.

As well as contributing to workforce contraction, softening demand saw capacity pressures ease further in April. Backlogs of work fell for the forty-sixth month in a row. That said, the rate of decline eased to its softest for two years.

On the price front, input costs increased slightly during April. This was primarily caused by a rise in purchase prices, while wages stabilised.

Finally, pessimism towards the business outlook prevailed amid expectations for continued political and economic instability. Moreover, the degree of negativity increased to the greatest recorded in 2019 so far.

-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.

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.

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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>.

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