

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), May 4<sup>th</sup> 2018

## BLOM Lebanon PMI®

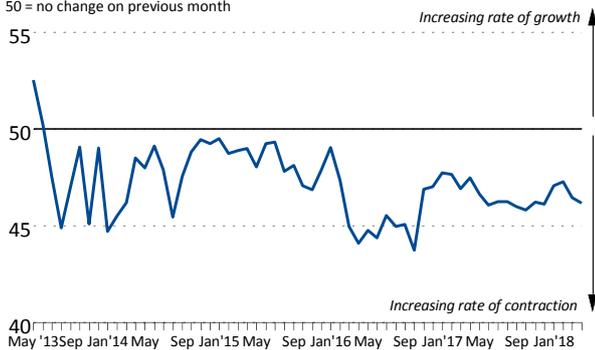
### Lebanon PMI slips to four-month low in April

Data collected April 12-24

- **Faster downturns in output and employment recorded at start of second quarter**
- **Firms' future output expectations deteriorate to 11-month low**
- **Selling prices fall at quickest rate since October 2015**

#### BLOM Lebanon PMI

50 = no change on previous month



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.

The health of Lebanon's private sector economy deteriorated at the start of the second quarter. The headline BLOM Lebanon PMI dipped to 46.2 in April, from March's 46.5, to signal the most marked decline in business conditions in 2018 so far.

**Commenting on the April 2018 PMI results, Dr. Fadi Osseiran, General Manager of BLOMINVEST Bank, said:**

*"The operating environment of the Lebanese private sector economy remained challenging as shown by the decline in the BLOM Lebanon PMI to 46.2 in April 2018. However, the securing of more than \$11 billion in commitments and donations at the CEDRE conference in April, and the announcement of the Capital Investment Program (CIP) are commendable moves inscribed in a long-term vision for Lebanon's economic growth, infrastructure and employment. The drop in the firms' future output expectations to an 11-month low proves that there are no "quick-fixes" on the path to reform, nevertheless, the CIP's effects will gradually be reflected in the real economy".*

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

Private sector output fell sharply and at the fastest rate for four months in April. The contraction came amid reports from surveyed businesses of geopolitical instability in the region, which had in turn weighed on tourism and client demand. New orders decreased at a marked rate that was unchanged from that seen in March, while the level of new business from abroad fell to the greatest extent for two years.

With firms seeing a further decline in workloads in April, employment levels were reduced for a second consecutive month. The rate of job losses was the

quickest seen since October last year, albeit still only modest overall. The reduction in the amount of incoming new work was also reflected in further marked drop in outstanding business.

Latest data meanwhile showed a deterioration in firms' expectations for output in the year ahead. Business confidence was in fact at its lowest for 11 months, with the proportion of companies predicting lower output in 12 months' time rising steeply since the previous survey period.

Elsewhere, April saw a further weakening of cost pressures facing businesses in the private sector economy. The rate of input price inflation eased further from January's recent peak to the lowest in 2018 so far. The marginal increase in cost burdens reflected slight rises in both average purchase prices and staff pay.

Average prices charged for goods and services meanwhile fell for the second month in a row. Moreover, the rate of decline was the quickest seen since October 2015.

Finally, private sector companies reported a further reduction in their quantities of purchases in April. The extent to which buying levels decreased was the most marked since last November.

-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:**

Phil Smith, Principal Economist

Telephone +44-1491-461-009

Email [phil.smith@ihsmarkit.com](mailto:phil.smith@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).

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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).

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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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