

## News Release

**Purchasing Managers' Index™**

**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), March 6<sup>th</sup> 2017**

## BLOM Lebanon PMI™

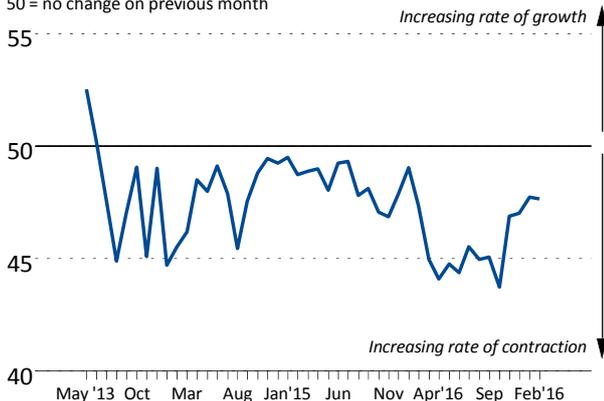
### Moderate downturn in economic conditions in February

Data collected February 10-21

- **PMI unchanged from January's 47.7**
- **Output and new orders fall, but employment is broadly stable**
- **Future expectations hit four-month low**

#### BLOM Lebanon PMI

50 = no change on previous month



Sources: IHS Markit, Blominvest Bank

This report contains the forty-first 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 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 headline BLOM Lebanon PMI stayed at 47.7 in February, unchanged from January's 12-month high. That signalled another moderate deterioration in the overall health of the private sector economy in Lebanon, with the rate of decline slower than seen on average during 2016 (45.7).

**Commenting on the February 2017 PMI results, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:**

*"In February, deterioration of the private sector's business conditions continued at the same pace as the month before. As a matter of fact, the market was in a "wait and see" mode during the month amid talks related to the draft budget of 2017 and the awaited consensus over a new parliamentary electoral law. For the coming months, aside from security and political concerns, contraction of economic activity is expected to linger, yet at slower rates than those of 2016, if no economic reforms were put in place."*

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

Lebanese firms recorded decreases in both output and new orders in February. The respective rates of decline picked up slightly since the opening month of the year, though the latest reductions were nevertheless the second-slowest seen over the past 13 months.

New export orders, meanwhile, fell only slightly and at the slowest rate in the current 19-month sequence of contraction.

On the employment front, February's survey showed virtually no change in total workforce numbers. That followed 11 consecutive months of job losses.

However, businesses did continue to pare back their quantities of purchases, which fell for the thirteenth month in a row and at a slightly faster rate than that

recorded in the preceding survey period. The reduction in demand for inputs was reflected in a slight improvement in supplier delivery times, the third in as many months, while stocks of purchases rose again amid a lack of sales.

February data showed a modest rise in average costs faced by Lebanese businesses, with the rate of increase at a four-month high. Behind this was a rise in prices paid for purchases and, to a lesser extent, higher staff costs.

Businesses absorbed these higher cost burdens, however, as competitive pressures and efforts to drum up new business led to a further decrease in average prices charged for goods and services. Moreover, the rate of decline in output prices was the fastest seen for six months.

Finally, February saw a further loss of confidence among Lebanese firms towards future output prospects, with sentiment having fallen in each month since November's recent high.

-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.

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 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).

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**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](http://www.markit.com/product/pmi).

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