

News Release

Purchasing Managers' Index™

MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

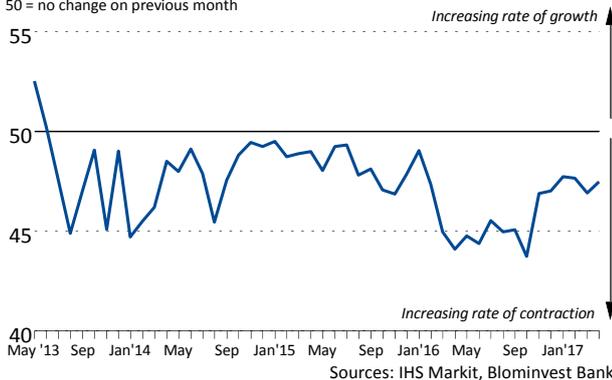
Private sector economy remains in contraction at start of second quarter

Data collected April 11-21

- **Further, albeit slower, falls in output, new orders and employment**
- **Cost inflation subsides from March's 18-month high**
- **Future expectations reach lowest level since May 2016**

BLOM Lebanon PMI

50 = no change on previous month



This report contains the forty-third 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.

Business conditions continued to deteriorate across Lebanon's private sector economy at the start of the second quarter, as highlighted by the headline BLOM Lebanon PMI registering a reading of 47.5 in April, below the 50.0 mark that separates growth from contraction. That said, the index increased from March's four-month low of 46.9 to signal a slight slowdown in the rate of decline.

Commenting on the April 2017 PMI results, Marwan Mikhael, Head of Research at BLOMINVEST Bank, said:

"Uncertainties surrounding the endorsement of a new electoral law have restrained demand during the month of April, especially after missing another critical deadline for the third time since 2013. This was translated into a further, albeit slower, decline in the business conditions of the private sector economy. On the brighter side, the decrease in output in April was the second-slowest seen since the start of 2016. For the period to come, the turn of events by mid-May, date of the new electoral law deadline, will shape future political developments and their impact on private sector activity."

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

Survey data pointed to a further weakening of demand for Lebanese goods and services, with inflows of new orders falling again in April, albeit more slowly than the month before. The decrease, which included a further reduction in new work from abroad, was reflected in a drop in the amount of outstanding business held at Lebanese companies.

The reduction in workloads was translated into a further decrease in the level of output across the private sector economy in April, extending the current sequence of decline to nearly four years. However, the rate at which

business activity contracted was the weakest seen since January.

April also saw slower declines in both employment and firms' purchasing activity. Inventory levels continued to rise despite the drop in quantities of purchases, though the pace of accumulation was at a four-month low.

On the supply side, Lebanese firms faced a slight increase in lead times on purchased items for the second month in a row. They also reported paying more (on average) for items, though the rate of inflation was the lowest recorded since January. This was also the case for overall cost burdens, which showed a rate of increase that was well below March's 18-month high. Salary pressures meanwhile remained subdued.

Average prices charged for goods and services decreased for the twenty-fifth month in a row in April. That said, the rate of decline was only modest and the slowest seen for 15 months.

Finally, April's survey data showed a drop in firms' confidence towards the year-ahead outlook for business activity. Future expectations were in fact at their lowest since May 2016, having deteriorated in each of the past five months.

-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.

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 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.

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