

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI™

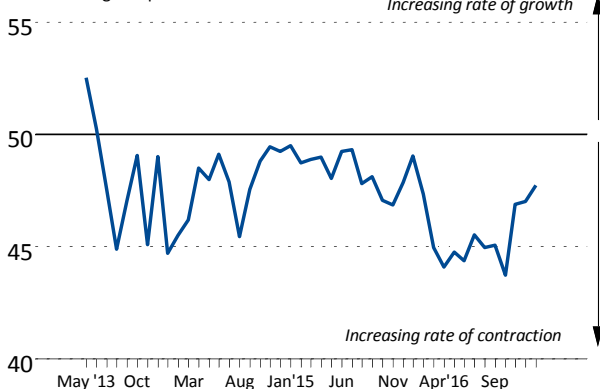
January sees the slowest fall in business activity for one year

Data collected January 12-24

- **Weakest decreases in output and new orders since January 2016**
- **Private sector employment falls for eleventh month running**
- **Businesses continue to lower prices for goods and services**

BLOM Lebanon PMI

50 = no change on previous month



Sources: IHS Markit, Blominvest Bank

This report contains the fortieth 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 downturn in Lebanon's private sector economy showed further signs of easing at the start of 2017, with the headline BLOM Lebanon PMI rising for the third month running to 47.7 in January, up from December's 47.0 and well above its average of 45.7 across 2016 as a whole.

Commenting on the January 2017 PMI results, Dr Ali Bolbol, Economic Advisor at BLOMINVEST Bank, said:

"This is good news, albeit the BLOM Lebanon PMI is taking its time to reach 50 and above. The January 2017 PMI stood at 47.7, up from December's level of 47 and well above the 45.7 average for entire 2016. Most the survey's main sub-indices witnessed slower falls: output, prices, new orders, and exports. To reverse these trends, the economy is still waiting for the positive jolt that the election of the new president and the formation of the government are supposed to bring. As a result, this calls for more urgent and concrete reforms and actions by the new government to ignite more optimism, especially in an environment of continuing regional and possible global instability."

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

The headline PMI moved higher in January amid slower falls in both output and the level of new orders received by companies. That said, the respective rates of decline remained solid overall. New export orders, on the other hand, fell only slightly, with the pace of decline being the slowest seen in the current 18-month sequence of contraction.

The subdued demand environment continued to lead to job losses among private sector businesses, with January marking the eleventh month in a row in which employment has decreased. However, as has been the case throughout this sequence, the extent of the fall in

workforce numbers at the start of the year was only modest.

January, meanwhile, saw a further, albeit slower, decrease in Lebanese firms' buying levels. The average time taken for purchased items to be delivered was little-changed from the month before.

Elsewhere, downward pressure continued on prices charged for goods and services, which fell for the twenty-second consecutive month in January. However, this latest decrease in output prices, which was linked by panellists to efforts to stimulate new work, was the least marked since January last year.

Average costs rose slightly over the month, resulting from an increase in purchase prices offsetting a dip in staff remuneration.

In regards to future output prospects, January's survey showed a degree of pessimism among Lebanese businesses, with more companies expecting a fall in activity over the next 12 months than those predicting an increase. Furthermore, sentiment was at its lowest level for three months, having retreated further from a 27-month high in November.

-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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