

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), January 4th 2024

BLOM Lebanon PMI®

BLOM Lebanon PMI falls to lowest level since the start of 2023

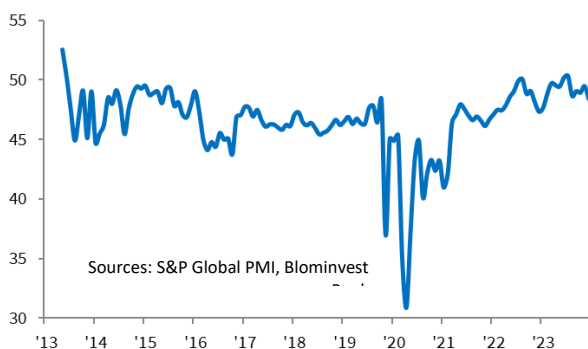
Data collected December 06-18

BLOM Lebanon PMI falls to 48.4, its lowest in almost a year

Output and new orders fall at faster rates

Business sentiment improves further; inflationary pressures cool

sa, >50 = improvement since previous month



According to the latest BLOM Lebanon PMI® survey, private sector operating conditions declined to the greatest extent since the beginning of 2023. Output and new orders posted stronger contractions in December, while employment fell for the first time since May. However, there was a further improvement in business sentiment, although firms remained pessimistic towards activity prospects in the year ahead.

Meanwhile, the latest survey data indicated a cooling of price pressures. Output prices rose at the softest pace for three months.

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® registered 48.4 in December, down from 49.5 in November and its lowest level since January 2023. Overall, the headline figure was indicative of a modest deterioration in operating conditions across Lebanon's private sector economy.

Commenting on BLOM Lebanon PMI for December 2023, Aline Azzi, research analyst at BLOMINVEST Bank, said:

"The December PMI revealed a significant and accelerated decline in business conditions within Lebanon's private sector. Registering at 48.4, the index fell further below the 50-threshold, marking its lowest point since January 2023. This downturn is attributed to heightened uncertainty among the political class, particularly regarding the potential extension of the army commander's term. Despite containment of regional effects from the Gaza war, Lebanon continues to grapple with a volatile economic environment. Notably, the Israel-Hamas Conflict further exacerbated economic challenges, leading to some reversal of gains in the tourism industry during the festive season. The decline is characterized by rapid contractions in output and new orders, influenced by factors like weakened client purchasing power and a slight drop in new export business; though, on the positive side, there was decline in price pressures. However, despite a slight improvement in the Future Activity Index, it still reflects a pessimistic business sentiment due to the challenging domestic landscape."

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

Central to December's dip in the PMI were faster contractions in output and new orders. According to survey respondents, weak client purchasing power restricted intakes of new business. Some companies also linked the weakening of demand conditions to economic and political uncertainty domestically. A number of panel members also remarked on the negative influence of the war between Israel and Hamas.

A drag on sales performances also came from external sources as new export business fell following November's rebound. The rate of decline was only marginal, however.

Lower intakes of new work led private sector companies in Lebanon to take a more cautious stance towards spending. Purchasing activity subsequently fell for a third successive month in December. Nevertheless, despite reduced input purchasing, the latest survey data indicated a worsening of suppliers' delivery times.

December's survey results also showed a renewed drop in private sector employment levels across Lebanon. Although job losses were only marginal, it was the first time in seven months that a reduction in staffing numbers was recorded. The drop in workforce capacity coincided with a third successive month of falling backlogs.

Meanwhile, there was a cooling of price pressures in December. Overall input costs rose only mildly and at the weakest pace since June. In turn, prices charged by private sector companies in Lebanon rose at a weaker pace. The rate of output price inflation was the slowest in three months.

Finally, the Future Activity Index moved up in December, recording at its highest level since March 2020. Nevertheless, it was still indicative of pessimistic business sentiment as the domestic political and economic landscape is expected to remain challenging for firms to prosper in.

-Ends-

For further information, please contact:

BLOMINVEST Bank:

Dr Ali Bolbol, Chief Economist / Head of Research

Telephone +961 1 739 817

Email ali.bolbol@blominvestbank.com

S&P Global Market Intelligence:

Joe Hayes, Principal Economist

Telephone +44-1344-328-099

Email joe.hayes@spglobal.com

Sabrina Mayeen, Corporate Communications

Telephone +44-7967-447-030

Email sabrina.mayeen@spglobal.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.

S&P Global 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 S&P Global. Please contact economics@spglobal.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.

About S&P Global (www.spglobal.com)

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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 spglobal.com/marketintelligence/en/mi/products/pmi.html

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).