News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Data collected July 10-25

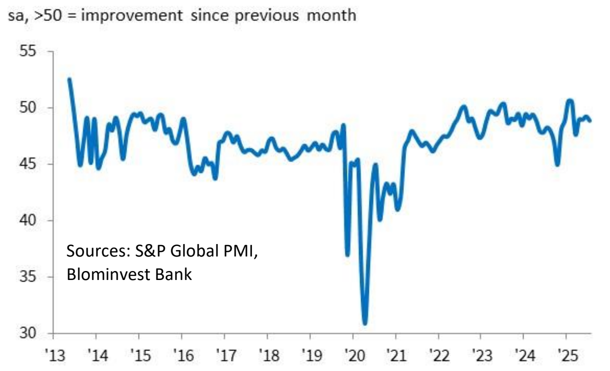
BLOM Lebanon PMI®

Faster declines in business activity and new orders in July

Sharper drop in exports weighs on output and demand

Business sentiment ticks up but remains subdued

Firms curb purchasing to reduce costs



The July BLOM Lebanon PMI® survey continued to signal deteriorating private sector business conditions across Lebanon at the beginning of the third quarter. Weighing on the economy was an accelerated decline in new export orders, pulling total sales and business activity levels lower. Firms looked to cost save by cutting their quantities of purchases to the most marked extent since November last year.

The headline BLOM Lebanon PMI® came in at 48.9 in July, slightly below June's 49.2. Consequently, by falling further below the neutral 50.0 threshold, the headline figure signalled a slightly quicker decline in private sector operating conditions. That said, the PMI was above its long-term average (46.9) and indicated a marginal contraction.

Commenting on the July 2025 BLOM Lebanon PMI, Dr Ali Bolbol, Chief Economist/Head of Research at BLOMInvest BANK said:

"The July 2025 BLOM Lebanon PMI dropped to 48.9. This result was not unexpected as the economy lacked any meaningful demand stimulus: the government does not have any money to spend and the private sector is not able and willing to spend. That leaves the external sector, but that was also badly hit by a poor tourist season and a lackluster export performance, both due to an unstable security situation made worse by Hezbollah's intransigence on relinquishing its arms and the violent events in Syria. The only good news is that the resulting economic implications could have been worse, which indicates a glimmer of hope regarding the economy's flexibility and potential."

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

July saw business activity volumes across Lebanon's private sector fall further, extending the current sequence of contraction to five months. Where a decline was reported, panellists linked this to subdued demand conditions, particularly from abroad.

The latest survey data pointed to a sharper reduction in new orders received from non-domestic customers. According to anecdotal evidence, regional insecurity weighed on tourism numbers. Foreign clients also reportedly refrained from placing orders with local companies due to conflicts across the Middle East. The drop in new export business was the steepest since November last year.

Weakness in foreign customer demand weighed on total order book volumes, which fell for a fifth month in succession and at the quickest pace since March. The decline was softer than that seen for exports, however, indicating relatively less challenging domestic sales conditions.

Private sector companies in Lebanon lowered their purchasing volumes at the start of the third quarter. Panel members mentioned that cutbacks were part of their efforts to reduce costs. Although the decrease was the sharpest in eight months, it was only mild overall. Despite buying activity dropping, surveyed companies saw their stocks of purchases increase. The pace of accumulation was only fractional, however. Inventory growth came amid a slight reduction in supply chain pressures, as evidenced by a softer rate of deterioration in vendor performance.

There was a small reduction in private sector employment across Lebanon during July, in line with the trend seen during the second quarter of the year. Subsequently, staff costs were stable.

Purchasing prices were the main source of inflation, although the rate of increase softened to a three-month low. Where costs rose, panellists cited higher import and transportation fees. The rate of increase in overall operating expenses, which account for purchase prices, wage bills and other business costs, was its weakest since January.

In line with an easing of cost pressures, private sector companies in Lebanon raised their own prices to a softer extent in July. The rate of inflation was likewise the slowest in six months.

Lastly, looking ahead, surveyed companies remained pessimistic towards the year-ahead outlook for business activity. Firms were wary of a potential escalation of conflict and tensions across the Middle East, identifying this, alongside security concerns, as the main risks to the outlook.

-Ends-

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.

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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.

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.

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