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## BLOM Lebanon PMI®

# Softest deterioration in Lebanese business conditions for 18 months

### Key findings

Health of private sector declines at softest rate since October 2019

Output and new order downturns ease, despite remaining sharp overall

Prices continue to rise markedly

Data were collected 12-26 April

This report contains the latest 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 IHS 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 latest PMI reading of 47.1 in April, up from 46.4 in March, pointed to the softest deterioration in business conditions faced by Lebanese private sector firms for 18 months, albeit one that was still solid overall.

The improvement in the headline figure was partially supported by the trends in both output and new orders in April, with rates of decline easing to the slowest since October 2019 in both cases. However, the reductions in both indicators remained sharp overall. Anecdotal evidence indicated that a decline in purchasing power of firms' clients had seen demand conditions deteriorate further.

Similarly, amid a strengthening US dollar, cost burdens faced by private sector firms also rose in April. Despite easing from March's nine-month high, the rate of input price inflation was among the quickest since the survey began eight years ago. Higher purchase prices were the primary cause of increased costs, while wages continued to fall, albeit at a softer rate.

Firms opted to pass on some of the additional costs to their clients in April, with another increase in average output prices. The rate  
*continued...*

Lebanon PMI  
sa, >50 = improvement since previous month



Sources: BLOMINVEST BANK, IHS Markit.

### Comment

Dr. Fadi Osseiran, GM of BLOMINVEST Bank, commented on the April 2021 BLOM Lebanon PMI:

*“The rise in the BLOM Lebanon PMI of April 2021 to 47.1, indicates a softer deterioration in the private sector business conditions since October 2019. The rise was a result of the softer yet sharp decline in the trend of output and new orders, in addition to the easing of higher input and output cost burdens due to a weaker exchange rate coercing inflation upwards. Also, employment seemed to have broadly stabilized with wages registering a marginal decline. Despite all this, prospects regarding future business conditions and output remain in record low for the coming year, subsequent to Lebanon’s economic instability in the absence of government formation efforts and economic reform programs.”*

of charge inflation eased from March but remained historically marked.

Meanwhile, suppliers' delivery times faced by Lebanese businesses continued to lengthen in the latest survey period. That said, the extent to which vendor performance deteriorated was the least severe for just over a year and only marginal overall.

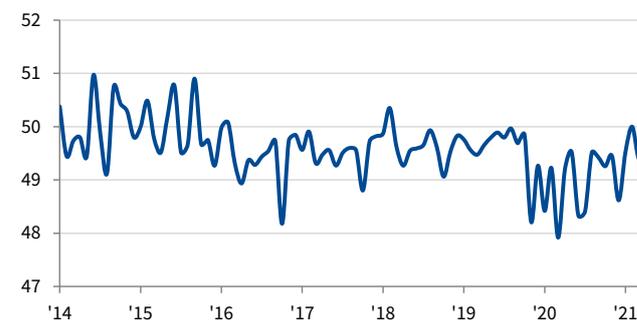
April data signalled a broad stabilisation in employment across the Lebanese private sector. The result followed a renewed downturn in staff numbers during March.

Despite little change to staff numbers, capacity pressures continued to ease. However, the rate of depletion in backlogs of work softened for the third month running and was the slowest since October 2019. Panel members often associated reductions in outstanding business with weaker inflows of new work

Looking forward, firms remained extremely pessimistic towards the 12-month business outlook. In fact, sentiment remained at rock bottom for the third month running. Some panellists noted concerns surrounding political instability and the difficult economic and financial situation.

### Employment Index

sa, >50 = growth since previous month



Sources: BLOMINVEST BANK, IHS Markit.

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### Methodology

The BLOM Lebanon PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

April 2021 data were collected 12-26 April 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### 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.  
[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

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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).

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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