



## Contents

[Overview and comment](#)

[Output and demand](#)

[Business expectations](#)

[Employment and capacity](#)

[Purchasing and inventories](#)

[Prices](#)

[International PMI](#)

[Further information](#)

### Headline PMI rises to highest mark since last June

[Output and new orders fall at softer rates...](#)

[...but purchasing power under pressure amid high cost of US dollars](#)

The BLOM Lebanon PMI® increased to a seven-month high during January, although the data continued to highlight the challenging environment faced by Lebanese businesses as political and economic uncertainty and the high cost of US dollars weighed on demand conditions and pushed up operating expenses.

Meanwhile, firms reported growing spare capacity due to reduced workloads, leading some businesses to reduce their staffing levels.

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 rose to 47.1 in January, up from 46.7 previously and its highest mark since last June. Crucially however, the PMI remained below the 50.0 no-change mark and therefore signalled a further decline in the health of Lebanon's private sector economy.

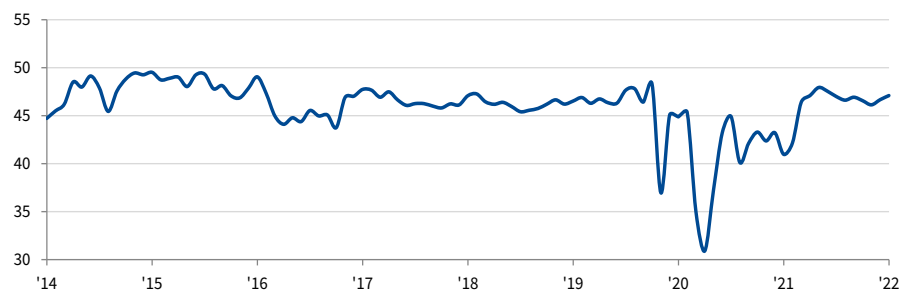
Latest survey data showed a further drop in the level of business activity across Lebanon at the beginning of 2022. According to those firms that reported lower output volumes, the political and economic climate remained a challenging operating environment. That said, the decline was the weakest since last June.

Intakes of new business also fell in January. Many businesses commented on a deterioration in purchasing power among domestic clients due to the high cost of US dollars. Meanwhile, new work from international clients fell, reportedly

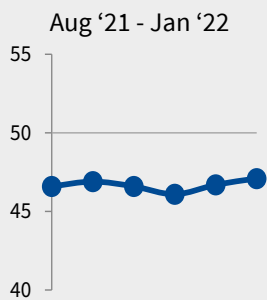
*continued...*

Lebanon PMI

sa, >50 = improvement since previous month



## Lebanon PMI



## Overview continued...

due to the challenging political and economic climate within Lebanon.

Due to deteriorating demand conditions, private sector firms in Lebanon recorded a greater degree of spare capacity in January. Backlogs of work fell at a quicker rate over the month. A lack of new work also impacted payroll numbers, with the latest survey data signalling a marginal reduction in employment. In many cases however, staffing levels were kept unchanged.

Due to broadly stable levels of employment, staff costs were unchanged in January, latest data showed. That said, overall input costs increased, which firms largely attributed to weakness in the domestic currency against the US dollar. Overall, operating expenses have increased in each of the past four months.

Elsewhere, buying activity continued to fall, while stocks of purchases decreased fractionally. There was also a deterioration in supplier performance during January, which panel members linked to payment issues. That said, all these declines were at a softer pace compared to December.

Finally, business expectations remained pessimistic in January. Uncertainty towards the economic and political situation in Lebanon made it challenging for firms to accurately forecast activity over the coming year, although in many cases, the operating environment is still expected to worsen.

## Comment

Commenting on the BLOM Lebanon PMI for January 2022, Dr. Fadi Osseiran, General Manager of BLOMINVEST Bank, said:

*“Lebanon started the year on a relative positive note as the month of January witnessed steady appreciation of the Lebanese currency while Lebanese Government met for the first time in months and discussed State Budget days before the start of negotiations with the IMF. As such, the BLOM Lebanon PMI rose to 47.1, starting 2022 on a higher note than the past 7 months, yet it is still indicating that private sector companies remain cautious about the political environment and still witness*

*pressures on their business. And despite the decline in new business and deterioration in purchasing power, the output index rose to its highest level since last June. Overall, the situation signals “good intentions” on the part of the government coupled, as importantly, with significant improvement in the Lebanese currency due to the intervention of the Central Bank to stabilize it. Amid this environment of “cautious optimism”, we hope to see the start of reform measures that aim at regaining confidence and restoring recovery and that would avoid deepening the crisis in the upcoming period.”*



## Output and demand

### Output

The seasonally adjusted Output Index rose to its highest level since last June during the latest survey period, but remained below the 50.0 no-change mark and therefore still indicative of lower business activity across Lebanon's private sector. According to panel members, output volumes were adversely impacted by the challenging political and economic climate.

### Output Index

sa, >50 = growth since previous month

45.3

Jan '22



### New orders

The amount of new business placed with private sector companies in Lebanon fell further at the beginning of 2022. Central to the deterioration in demand conditions was an erosion of purchasing power, according to surveyed companies. That said, the rate of decline in new orders was the slowest for six months.

### New Orders Index

sa, >50 = growth since previous month

44.1

Jan '22



### New export orders

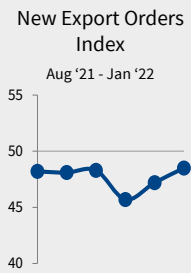
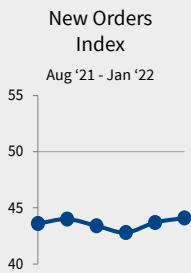
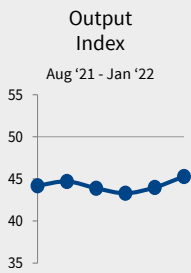
As has been the case since last August, intakes of new work from international clients fell during the latest survey period. The challenging political and economic environment within Lebanon was cited as a major deterrent for international new business prospects. However, the drop in new export orders was only mild and the weakest over the current period of decline.

### New Export Orders Index

sa, >50 = growth since previous month

48.5

Jan '22



## Business expectations

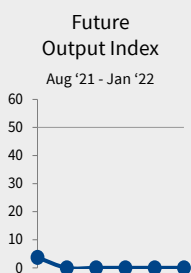
When asked about their expectations for business activity over the coming 12 months, private sector companies in Lebanon were once again pessimistic in January. Many respondents expect the current economic situation to worsen, to the detriment of their business, while others commented on their hesitancy to make a prediction given the large degree of uncertainty within Lebanon.

### Future Output Index

>50 = growth expected over next 12 months

0.0

Jan '22

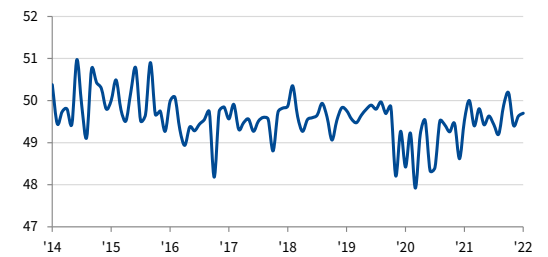


## Employment and capacity

### Employment

A third successive decline in private sector employment in Lebanon was registered during January. Where a reduction in staffing numbers was reported, firms linked this to lower workloads. However, the rate of job shedding was only marginal overall as the vast majority of companies kept their employment levels unchanged.

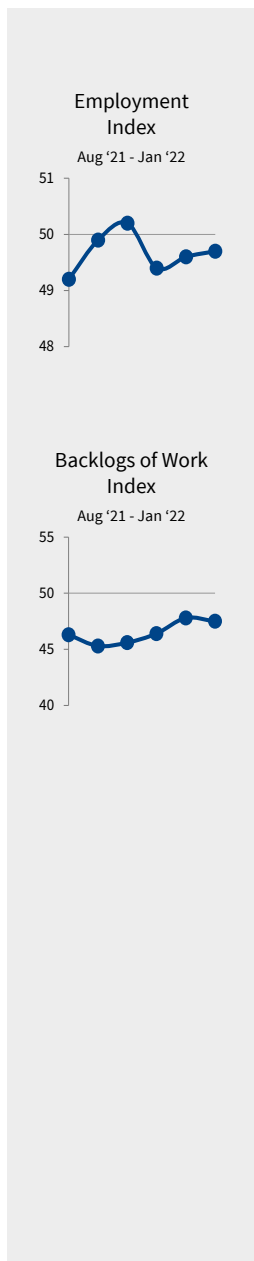
Employment Index 49.7  
 sa, >50 = growth since previous month Jan '22



### Backlogs of work

Spare capacity at private sector companies in Lebanon grew further, latest survey data showed, with the seasonally adjusted Backlogs of Work Index moving deeper below the 50.0 no-change mark. Where a reduction in outstanding business was mentioned, this was often attributed to weak demand conditions.

Backlogs of Work Index 47.5  
 sa, >50 = growth since previous month Jan '22





## Purchasing and inventories

### Quantity of purchases

Amid lower sales and the subsequent reduction in output requirements, purchasing activity across Lebanon's private sector fell during January. Overall, input buying has fallen in each month since February 2016, although the latest drop was the slowest over this period and only marginal overall.

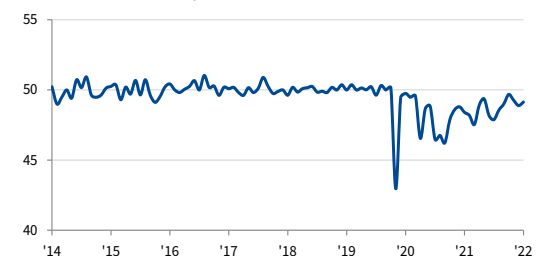
Quantity of Purchases Index 49.3  
 sa, >50 = growth since previous month Jan '22



### Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index posted below the 50.0 no-change mark during January, signalling a deterioration in vendor performance. Overall, average lead times on the delivery inputs fell modestly, albeit to a weaker extent than previously. According to firms, supplier performance was adversely affected by payment issues.

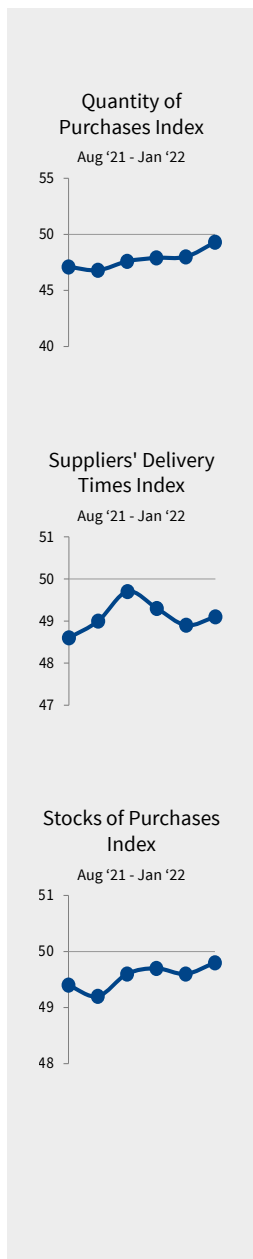
Suppliers' Delivery Times Index 49.1  
 sa, >50 = faster times since previous month Jan '22



### Stocks of purchases

Private sector companies in Lebanon reported a fractional decline in their inventories of purchases during January, as evidenced by the respective seasonally adjusted index posting just beneath the 50.0 no-change level. Overall, the decline was the weakest over the current nine-month sequence of depletion.

Stocks of Purchases Index 49.8  
 sa, >50 = growth since previous month Jan '22

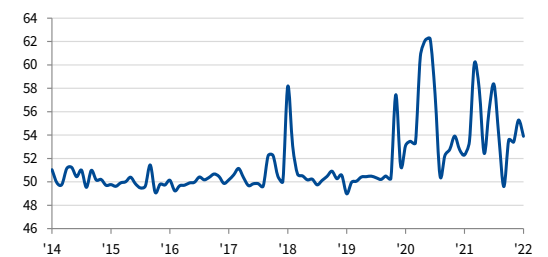


## Prices

### Overall input prices

Overall cost burdens faced by private sector companies in Lebanon continued to rise during January, extending the current period of inflation to four months. More granular data indicated that the increase in costs was driven by purchase costs, with staff costs stabilising. The increase in input prices was solid, but eased from the previous month.

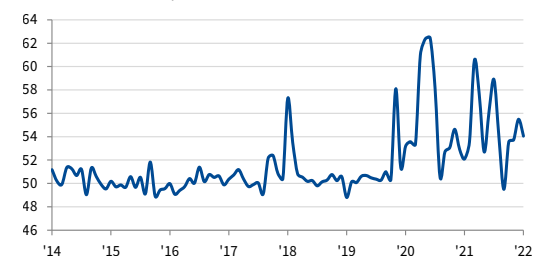
Overall Input Prices Index 53.9  
sa, >50 = inflation since previous month Jan '22



### Purchase prices

Prices paid for purchases rose further during the latest survey period, as has been the case in every month since last October. According to panel members, weakness in the domestic currency against the US dollar inflated purchase prices. Overall, the rate of increase was solid.

Purchase Prices Index 54.1  
sa, >50 = inflation since previous month Jan '22



### Staff costs

Following three successive monthly increases, expenses relating to labour were unchanged in January, as signalled by the seasonally adjusted Staff Costs Index posting 50.0. Since data collection began in May 2013, staff costs have fallen marginally on average over this period.

Staff Costs Index 50.0  
sa, >50 = inflation since previous month Jan '22



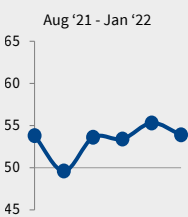
### Output prices

Latest survey data showed private sector businesses in Lebanon raising their selling prices during January, and to a greater extent than previously. Overall, the rate of output charge inflation accelerated to a six-month high. Where higher selling prices were reported, this was often linked to weakness in the exchange rate and the need to raise charges to offset this.

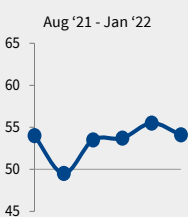
Output Prices Index 53.7  
sa, >50 = inflation since previous month Jan '22



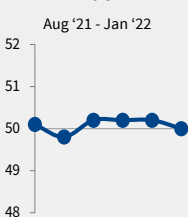
Overall Input Prices Index



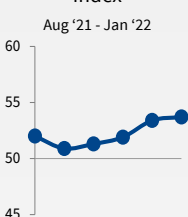
Purchase Prices Index



Staff Costs Index



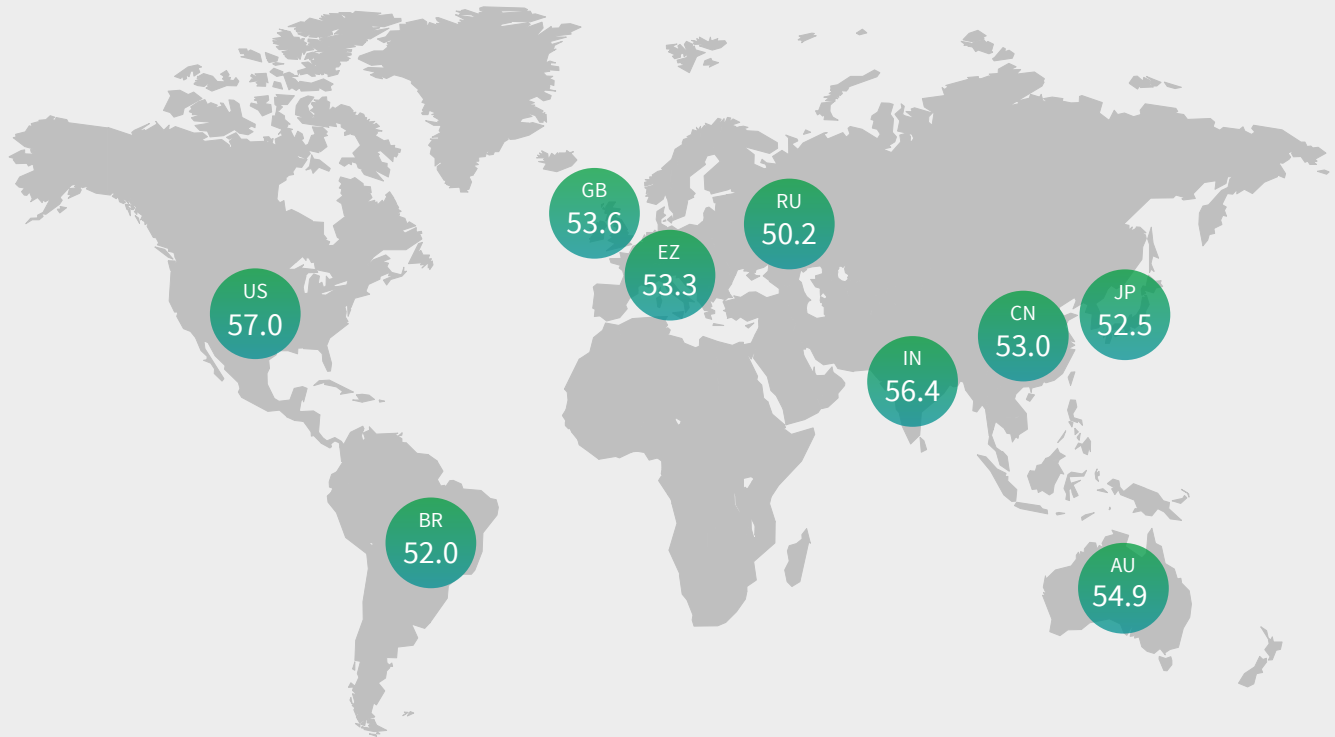
Output Prices Index



## International PMI

Composite Output Index, Dec '21  
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



Composite Output Index  
sa, >50 = growth since previous month



## Index summary

sa, 50 = no change over previous month. \*50 = no change over next 12 months.

	PMI	Output	New Orders	New Export Orders	Future Output*	Employment	Backlogs of Work	Quantity of Purchases	Suppliers' Delivery Times	Stocks of Purchases	Overall Input Prices	Purchase Prices	Staff Costs	Output Prices
08 '21	46.6	44.2	43.6	48.2	3.7	49.2	46.3	47.1	48.6	49.4	53.8	54.0	50.1	52.0
09 '21	46.9	44.7	44.0	48.1	0.0	49.9	45.3	46.8	49.0	49.2	49.6	49.5	49.8	50.9
10 '21	46.6	43.9	43.4	48.3	0.0	50.2	45.6	47.6	49.7	49.6	53.6	53.5	50.2	51.3
11 '21	46.1	43.3	42.8	45.7	0.0	49.4	46.4	47.9	49.3	49.7	53.4	53.7	50.2	51.9
12 '21	46.7	44.0	43.7	47.2	0.0	49.6	47.8	48.0	48.9	49.6	55.3	55.5	50.2	53.4
01 '22	47.1	45.3	44.1	48.5	0.0	49.7	47.5	49.3	49.1	49.8	53.9	54.1	50.0	53.7

### 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.

January 2022 data were collected 12-25 January 2022.

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).

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### 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](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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 IHS Markit Ltd. All rights reserved.