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## BLOM Lebanon PMI®

### PMI rises to seven-month high in January

#### Key findings

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

Data were collected 12-25 January.

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 due to the challenging political and economic climate within Lebanon.

Due to deteriorating demand conditions, private sector firms in

*continued...*

Lebanon PMI

sa, >50 = improvement since previous month



Sources: BLOMINVEST BANK, IHS Markit.

#### 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.”*

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.

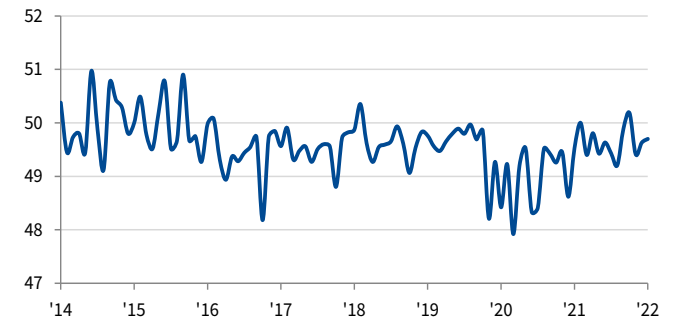
Due to broadly stable levels of employment, staff costs were unchanged in January, latest data showed. That said, overall input costs increased, which firms largely attributed to weakness in the domestic currency against the US dollar. Overall, operating expenses have increased in each of the past four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

### 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.

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)

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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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