

News Release

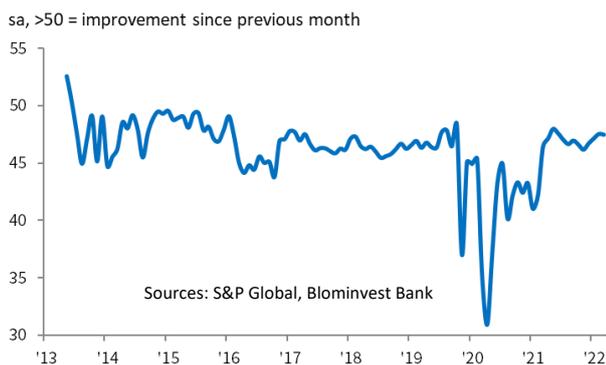
**Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION**
EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), April 5th 2022

BLOM Lebanon PMI®

PMI signals further deterioration across Lebanese private sector

Data collected March 11-25

- **Headline PMI remains below 50.0 in March**
- **Output falls at fastest pace in three months**
- **Inflationary pressures intensify amid rising fuel prices**



The BLOM Lebanon PMI® continued to signal challenging operating conditions for private sector businesses at the end of the first quarter as output fell further. Weak purchasing power and domestic political instability weighed on company performances, according to survey respondents.

Firms were also affected by rising cost pressures as an unfavourable exchange rate against the US dollar was compounded by rising fuel prices. Both input costs and output charges increased at faster rates in March.

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 posted 47.4 in March, a fractional decline from 47.5 in February and indicative of a further deterioration in operating conditions across Lebanon's private sector economy. That said, the latest figure was above the survey average of 46.1.

Commenting on BLOM Lebanon PMI for March 2022, Aline Azzi, Research Analyst at BLOMINVEST Bank, said:

“March PMI’s reading mirrored a solid and faster deterioration in business conditions across Lebanon’s private sector. The index dropped further below the 50-threshold and stood at 47.4 in March 2022 amid uncertainty burdening the Lebanese economy. With potential food supply disruptions, rising worldwide energy prices, in addition to the internal political stress and pre-electoral chaos, companies are exposed to further challenges that are weighing on their performance. Lebanon has a lot to consider in the upcoming period, including developments associated with the Ukraine-Russia war, rising inflation exacerbated by soaring fuel prices, and multiple juridical decisions against the banking sector. In response, extensive reform and recovery commitments are enormously required in the period ahead and should not be delayed any further.”

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

According to comments from panellists, challenging financial and political conditions within Lebanon were once again cited as reasons for lacklustre performance. Private sector business activity fell at the fastest pace for three months during March.

The drop in output levels was also attributed to weak demand conditions. New orders placed with private sector firms in Lebanon fell at the end of the first quarter, reportedly due to weak purchasing power among clients. Some panellists also linked the instability across the region to reduced sales with overseas customers. That said, the latest decrease in overall intakes of new business was the softest since June last year.

Meanwhile, March data pointed to a marginal reduction in staffing levels, extending the current sequence of job losses to five months. At the same time, the latest PMI survey highlighted a reduced strain on capacities, with backlogs of work falling. In many cases, this was reflective of lower new work intakes. Amid fewer inquiries, private sector firms in Lebanon reduced both their purchasing activity and stocks in March.

Meanwhile, price pressures intensified at the end of the first quarter. According to panel members, the high cost of US dollars was exacerbated by increases in fuel prices. Consequently, the overall rate of input price inflation accelerated to a three-month high. To protect their margins, private sector firms in Lebanon raised their selling charges to a quicker extent.

Hikes in fuel prices were also reported to have contributed to a worsening of supplier performance in March. Average lead times on the delivery of inputs lengthened to the greatest extent since last August.

Lastly, amid the challenging domestic situation, private sector firms in Lebanon remained downbeat on their prospects towards the coming 12 months.

-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:

Joe Hayes, Senior Economist

Telephone +44-1344-328-099

Email joseph.hayes@spglobal.com

Joanna Vickers, Corporate Communications

Telephone +44-207-260-2234

Email joanna.vickers@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@ihsmarkit.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 <https://ihsmarkit.com/products/pmi.html>.

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