



Contents

Overview and comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Further information

Headline PMI signals broad stabilisation in Lebanese economy in July

Output and new orders deteriorate at softest rates in over nine years

Purchasing activity and employment both increase

The Lebanese private sector economy edged closer to stabilisation during July as the headline PMI® posted only a fraction below the crucial 50.0 no-change mark. Overall, the headline measure hit its highest level since June 2013 amid softer deteriorations in both output and new orders. According to some survey respondents, improving tourism levels supported business activity and demand.

Meanwhile, there were fractional increases in both purchasing activity and employment in July, although business confidence remained subdued amid domestic political and economic uncertainty.

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%)

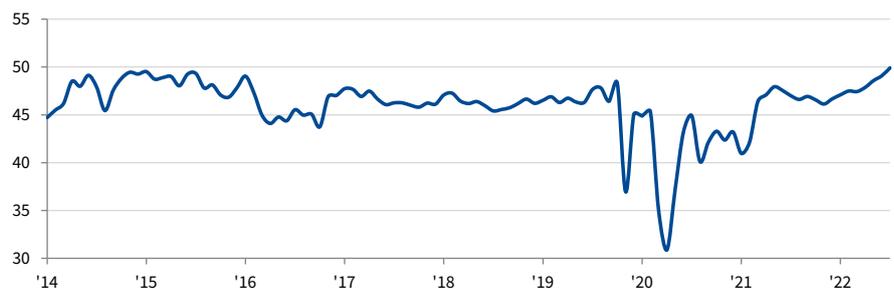
and Stocks of Purchases (10%). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline BLOM Lebanon PMI® rose to 49.9 in July, from 49.1 in June and its highest mark in just over nine years. Having recorded only fractionally beneath the 50.0 no-change mark, the latest PMI figure was broadly indicative of stable conditions within Lebanon's private sector at the beginning of the third quarter.

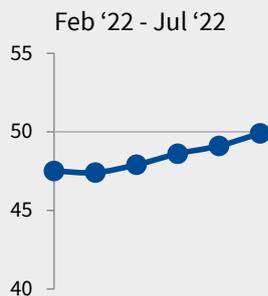
Business activity levels across Lebanon fell during July, although the rate of decline was only marginal and the weakest since May 2013. Some businesses saw their output levels boosted by a recovery in tourism. Similarly, there was the further softening in the downturn in new orders at the start of the third quarter. A weaker deterioration in foreign customer demand was also registered in July.

continued...

Lebanon PMI
sa, >50 = improvement since previous month



Lebanon PMI



Overview continued...

There was an increase in backlogs of work during July, with firms that observed a rise linking this to a pickup in new orders. Meanwhile, employment levels across Lebanon's private sector grew for a second month in a row, marking the first time in just over seven years that back-to-back expansions in workforce numbers have been registered.

Companies also expanded their purchasing activity in July, the second time in the last three months this has been the case. Stocks of purchases were however unchanged since June as shortages and delivery delays offset stockpiling efforts. Suppliers' delivery times continued to worsen in July, though

at a softer pace. Liquidity issues were widely cited as a reason for the decline in vendor performance.

Indeed, reports of liquidity issues were linked with difficulties securing US dollars, with firms noting scarcity in acquiring the currency. An unfavourable exchange rate against the US dollar continued to drive up operating costs according to firms, with overall input prices increasing. Selling prices were subsequently raised, although in both cases, rates of inflation eased.

Finally, businesses remained pessimistic towards the year ahead, reflecting company concerns around the domestic political landscape.

Comment

Commenting on BLOM Lebanon PMI for July 2022, Dr. Ali Bolbol, Chief Economist/Head of Research at BLOMINVEST Bank, said:

“As would be expected, a summer recovery seems to be helping the Lebanese economy adjust to a relatively better equilibrium. After two years of Covid and acute political and economic instability, expatriate Lebanese and tourist spending are helping business conditions regain some of their buoyancy, as reflected by a higher BLOM Lebanon PMI of 49.9. The improvement was actually across the board, though the indices of output, new orders, and new export orders were still below the crucial 50 mark. In addition, expectations remain anchored in deep

pessimistic territory, explained economically by uncertainty regarding a future IMF deal and, politically, by the unsettled fate of presidential elections. But we hope this summer respite extends to more stability and even recovery in the fall and beyond.”



Output and demand

Output

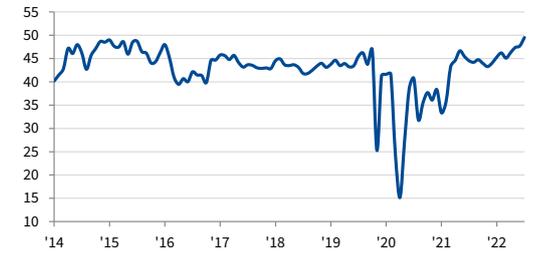
The seasonally adjusted Output Index rose to its second-highest level on record during July, behind May 2013's peak. Although it posted below the 50.0 no-change mark, it was indicative of only a fractional decline in private sector business activity across Lebanon. While challenging political and economic conditions were mentioned, rising tourism levels reportedly supported growth at some companies.

Output Index

sa, >50 = growth since previous month

49.5

Jul '22



New orders

Latest survey data highlighted a marginal deterioration in new business intakes at private sector companies in Lebanon. Positively, the seasonally adjusted New Orders Index rose to its highest level in just over nine years at the start of the third quarter. Although weak domestic purchasing power was noted as a drag on demand, greater tourism activity was cited as a boost to order books.

New Orders Index

sa, >50 = growth since previous month

49.3

Jul '22



New export orders

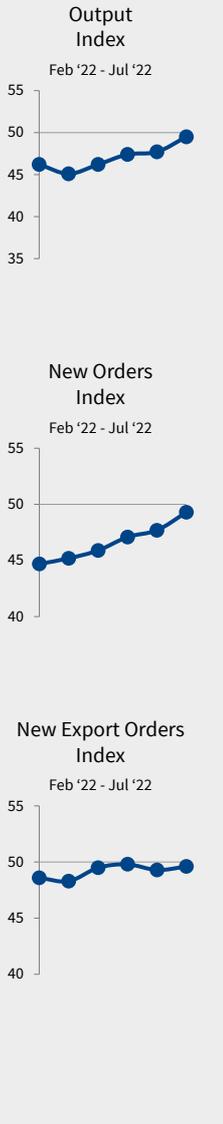
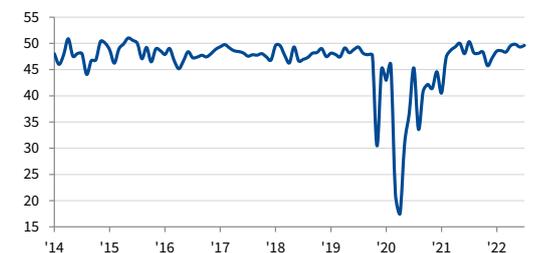
There was a softer deterioration in demand from overseas markets during July, as signalled by the seasonally adjusted New Export Orders Index posting only just below the 50.0 no-change mark. The large majority (99%) of survey respondents highlighted no change in their new business receipts from foreign clients when compared to June.

New Export Orders Index

sa, >50 = growth since previous month

49.6

Jul '22



Business expectations

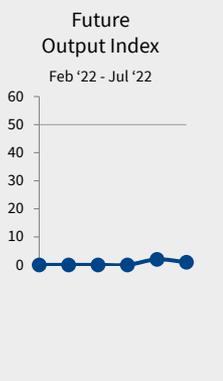
Private sector companies in Lebanon remained pessimistic towards the 12-month outlook for business activity at the start of the third quarter. According to anecdotal evidence, business prospects are expected to be closely aligned with political developments in the country, however many anticipate the domestic situation to worsen.

Future Output Index

>50 = growth expected over next 12 months

1.0

Jul '22



Employment and capacity

Employment

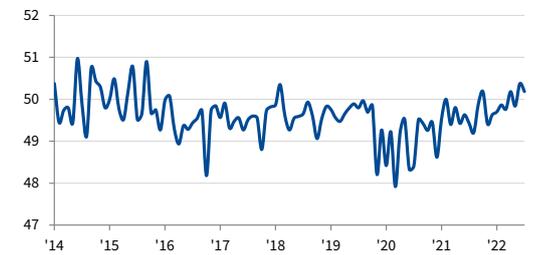
July survey data highlighted a fractional increase in the level of employment across the Lebanese private sector. The respective seasonally adjusted index was only slightly above the 50.0 no-change threshold at the start of the third quarter, but signalled a second successive expansion in staffing numbers.

Employment Index

sa, >50 = growth since previous month

50.2

Jul '22



Backlogs of work

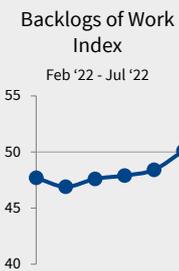
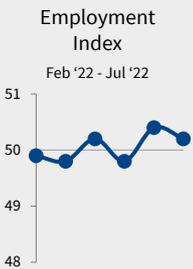
For the first time in seven years, the level of work outstanding at private sector businesses in Lebanon increased during July, as signalled by the respective seasonally adjusted index recording above the 50.0 no-change mark. However, the increase in backlogs of work was small overall. Where a rise in unfinished orders was registered, companies attributed this to an increase in demand.

Backlogs of Work Index

sa, >50 = growth since previous month

50.1

Jul '22



Purchasing and inventories

Quantity of purchases

A renewed expansion in purchasing activity was recorded in July, with the respective seasonally adjusted index moving back above the 50.0 no-change mark. Although the increase in input buying was only fractional, it was the joint-strongest since January 2016. According to the companies that raised their purchasing activity, this was in line with an improvement in their workloads.

Suppliers' delivery times

Private sector firms in Lebanon observed a further deterioration in vendor performance during the latest survey period. Delivery delays were often linked to difficulties in paying suppliers and item shortages. Overall, the extent to which input delivery times lengthened was modest and slightly weaker than that seen in the previous month.

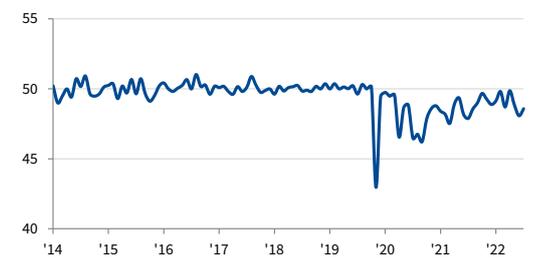
Stocks of purchases

At 50.0, the seasonally adjusted Stocks of Purchases Index signalled no change in holdings of inputs at private sector businesses in Lebanon during July. Approximately 98% of survey respondents signalled unchanged inventory levels when compared with June.

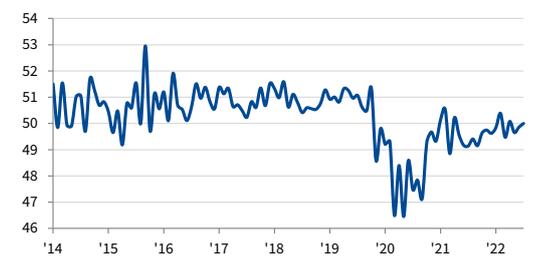
Quantity of Purchases Index 50.2
sa, >50 = growth since previous month Jul '22



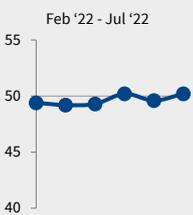
Suppliers' Delivery Times Index 48.6
sa, >50 = faster times since previous month Jul '22



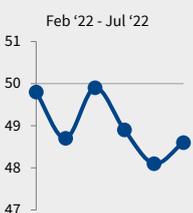
Stocks of Purchases Index 50.0
sa, >50 = growth since previous month Jul '22



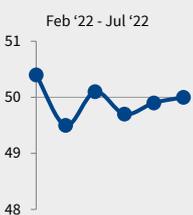
Quantity of Purchases Index



Suppliers' Delivery Times Index



Stocks of Purchases Index



Prices

Overall input prices

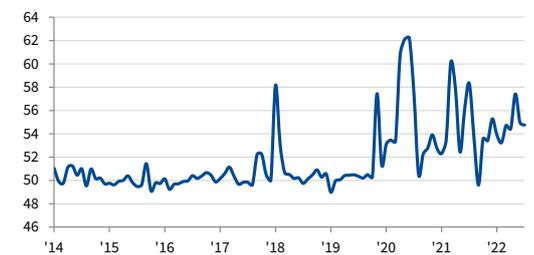
Private sector companies in Lebanon faced greater operating costs during July. Price pressures were a reflection of rising purchase costs as staff expenses fell fractionally. The overall rate of input price inflation, albeit still strong, was the weakest for three months.

Overall Input Prices Index

sa, >50 = inflation since previous month

54.8

Jul '22



Purchase prices

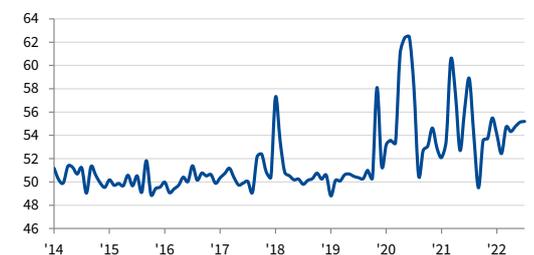
There was a strong increase in prices paid for purchased items at the start of the third quarter. The rate of increase accelerated slightly from June to the quickest seen so far in the year-to-date. Where an increase was reported, this was primarily linked with an unfavourable exchange rate for the US dollar.

Purchase Prices Index

sa, >50 = inflation since previous month

55.2

Jul '22



Staff costs

Following June's increase in staff costs, which was the fastest since May 2013, the latest survey data signalled a reduction in employment expenses at Lebanese private sector companies. Overall, the decline seen in July was broadly equal to that seen on average over the series history (49.7).

Staff Costs Index

sa, >50 = inflation since previous month

49.8

Jul '22



Output prices

Private sector businesses in Lebanon continued to raise their selling charges during July, extending the current period of inflation that began in February 2020. Where fees were lifted, this was often as a consequence of an unfavourable US dollar exchange rate. That said, for the first time since February, the rate of increase in output prices slowed.

Output Prices Index

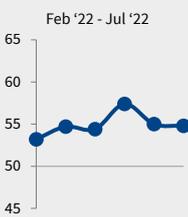
sa, >50 = inflation since previous month

54.2

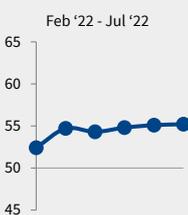
Jul '22



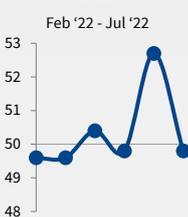
Overall Input Prices Index



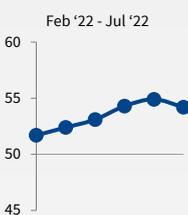
Purchase Prices Index



Staff Costs Index



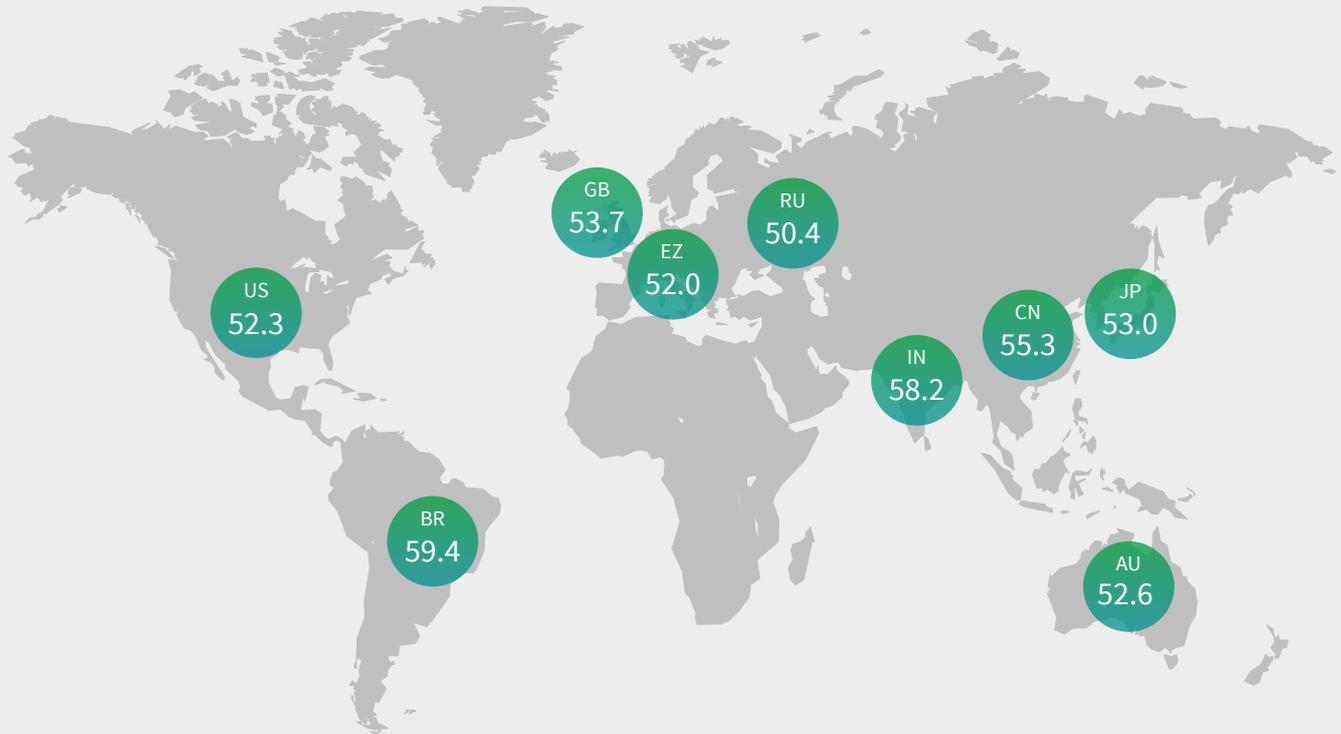
Output Prices Index



International PMI

Composite Output Index, Jun '22
 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 |
|--------|------|--------|------------|-------------------|----------------|------------|------------------|-----------------------|---------------------------|---------------------|----------------------|-----------------|-------------|---------------|
| 02 '22 | 47.5 | 46.2 | 44.7 | 48.6 | 0.0 | 49.9 | 47.7 | 49.4 | 49.8 | 50.4 | 53.2 | 52.4 | 49.6 | 51.7 |
| 03 '22 | 47.4 | 45.1 | 45.2 | 48.3 | 0.0 | 49.8 | 46.9 | 49.2 | 48.7 | 49.5 | 54.7 | 54.7 | 49.6 | 52.4 |
| 04 '22 | 47.9 | 46.2 | 45.9 | 49.5 | 0.0 | 50.2 | 47.6 | 49.3 | 49.9 | 50.1 | 54.4 | 54.3 | 50.4 | 53.1 |
| 05 '22 | 48.6 | 47.4 | 47.1 | 49.8 | 0.0 | 49.8 | 47.9 | 50.2 | 48.9 | 49.7 | 57.4 | 54.8 | 49.8 | 54.3 |
| 06 '22 | 49.1 | 47.7 | 47.7 | 49.3 | 2.0 | 50.4 | 48.4 | 49.6 | 48.1 | 49.9 | 55.0 | 55.1 | 52.7 | 54.9 |
| 07 '22 | 49.9 | 49.5 | 49.3 | 49.6 | 1.0 | 50.2 | 50.1 | 50.2 | 48.6 | 50.0 | 54.8 | 55.2 | 49.8 | 54.2 |

Methodology

The BLOM Lebanon PMI® is compiled by S&P Global 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.

June 2022 data were collected 12-25 July 2022.

For further information on the PMI survey methodology, please contact 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://www.ihsmarkit.com/products/pmi.html).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global 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 and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

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.bloinvestbank.com.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.