

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), December 5<sup>th</sup> 2022**

### BLOM Lebanon PMI®

#### BLOM Lebanon PMI falls to seven-month low

**Data collected November 11-24**

**Headline index falls to lowest level since April**

**Accelerated fall in new orders drives business activity down**

**Cost pressures ease as firms cut purchasing activity**



Operating conditions faced by private sector companies in Lebanon remained challenging during November, according to the latest BLOM Lebanon PMI® survey, as falling intakes of new work caused business activity levels to shrink. Surveyed companies subsequently noted an increase in spare capacity, leading employment and purchasing activity to be cut. The business outlook also remained pessimistic due to uncertainty surrounding the domestic political and economic climate.

Meanwhile, cost pressures eased, leading to a slower rate of increase in selling charges.

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® fell to a seven-month low of 48.1 in November, down from 49.1 in October, to signal the fastest deterioration in private sector operating conditions in Lebanon since April.

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

"It seems that the positive effects from a good summer season have fizzled out, as the BLOM Lebanon PMI fell to 48.1 in November 2022, its lowest level since April. The Lebanese economy has lost steam as no internal economic forces are available to keep the summer momentum. Not surprisingly, all real indicators fell: output, new orders, and new export orders. The feeble demand and decline in output even led to input and output prices rising at softer rates, despite the weaker exchange rates. And the reason for these dismal results is that the country is still on hold, waiting like many instances before it for something to happen, the election of a new president this time. That said, we hope the upcoming Holiday Season will bring a short relief to the economy and, better still, a longer relief underpinned by positive political developments and credible agreements on economic reform and renewal."

#### **The main findings of November's survey were as follows:**

A significant factor behind the decrease in the headline index was new orders, which fell at the quickest pace in seven months. Lower new business intakes were linked to weak client purchasing power. Survey respondents

also noted that overseas customers were deterred from placing orders due to domestic uncertainty. New export business fell to the greatest extent in almost a year in November.

Consequently, private sector business activity in Lebanon fell. The rate of decline also gathered pace and was the quickest since April.

There was evidence of increased spare capacity across Lebanon's private sector economy in November as backlogs of work decreased for the third successive month. Moreover, the rate of depletion was the strongest since March. In response, the level of employment was reduced as companies adjusted to lower business requirements.

Cost-cutting efforts meanwhile drove a decrease in purchasing activity midway through the fourth quarter. Surveyed companies linked lower input buying to challenging financial conditions. Stocks of purchases fell fractionally in November.

Overall input costs continued to rise in November, with surveyed companies commenting on the adverse effect of exchange rate weakness. That said, the rate of inflation eased amid a slower rise in purchase costs. Output price inflation also softened in November.

Looking ahead, surveyed businesses remained downbeat on their prospects due to political uncertainty.

-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](mailto:ali.bolbol@blominvestbank.com)

**S&P Global Market Intelligence:**

Joe Hayes, Senior Economist

Telephone +44-1344-328-099

Email [joe.hayes@spglobal.com](mailto:joe.hayes@spglobal.com)

Sabrina Mayeen, Corporate Communications

Telephone +44-7967-447-030

Email [sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@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](mailto:economics@ihsmarkit.com).

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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).

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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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