

# BLOM Lebanon PMI®

## BLOM Lebanon PMI rises to four-month high in February, but inflationary pressures intensify

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BLOM Lebanon PMI rises to 48.8, its highest since October 2022

Slower falls recorded for output and new orders

Overall input price inflation hits 32-month high

The BLOM Lebanon PMI® rose to a four-month high in February as private sector business activity and new orders fell at softer rates. Employment meanwhile rose for the first time since last July, albeit marginally.

However, business confidence was subdued amid political uncertainty and price volatility. Overall input costs rose at the fastest rate in over two-and-a-half years during February as respondents commented on adverse exchange rate movements against the US dollar. Subsequently, selling charges rose at the second-fastest pace on record as companies acted to protect their margins.

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.

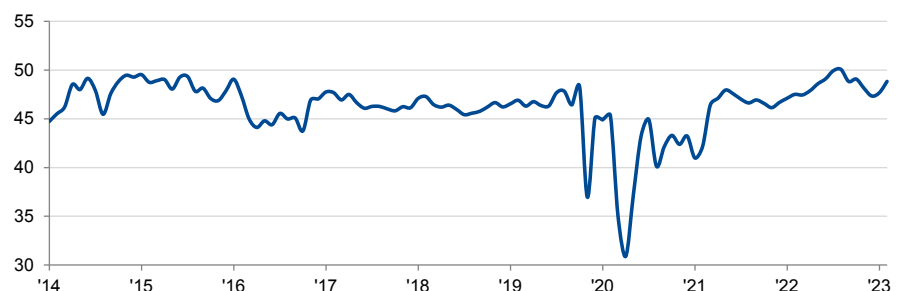
The headline BLOM Lebanon PMI® posted 48.8 in February. This was up from 47.7 in January and its highest level since October last year. Overall, the latest reading indicated a modest, but slower, deterioration in the health of Lebanon's private sector economy.

The softer decline in private sector operating conditions reflected trends in output and new orders. Although private sector business activity fell in February, the deterioration was the weakest for four months. Nevertheless, survey respondents continued to comment on the disruption to business activity stemming from the challenging political and financial landscape domestically.

There was also a slower decrease in new orders during February. As was the case with output, new business fell at the softest pace in four months. That said, weak client purchasing power continued to restrict new business wins, according to anecdotal evidence.

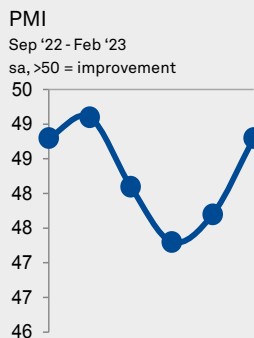
BLOM Lebanon PMI

sa, >50 = improvement since previous month



# 48.8

LEBANON PMI  
FEB '23



This was likewise the case across export markets, with new sales to international customers also falling in February.

That said, private sector staffing levels rose for the first time in seven months, albeit marginally. Firms continued to work through their backlogs, with outstanding business volumes falling for a sixth straight month.

Notably, the latest survey data showed a marked acceleration in overall input cost inflation. In fact, operating expenses rose at the sharpest rate since June 2020. The increase was primarily a result of surging purchase costs, which panellists linked to unfavourable

exchange rate movements versus the US dollar. Output prices increased during February at the second-fastest pace since data collection began in May 2013.

Price volatility directly affected supplier performance, according to firms. Average input lead times lengthened to the greatest extent since July 2021. Nevertheless, stocks of purchases were broadly unchanged as firms reduced their buying activity slightly.

Finally, business confidence remained suppressed amid ongoing political uncertainty.

## Comment

Commenting on BLOM Lebanon PMI for February 2023, Mrs. Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:

*"Lebanon seems to be stabilizing as the latest PMI index improved noticeably, though still below the 50 threshold. Indeed, the month of February witnessed a relative increase in output and new orders indices while employment has surpassed the 50 threshold. It is obvious that cautious positivity is driving the index, but not for long as the short-term positivity is influenced only by people's pent-up behavior which is facilitating the better-than-expected demand."*

*However, the problem in the country remains political as the presidential vacuum is taking its toll on the state, economy, and most importantly, it is pressuring the banking sector. These developments only prove the extent to which the Lebanese crisis is inherently political at its core, and the solution lies in a political settlement that paves the way to stabilize and grow the economy for the periods ahead."*



PMI®

by **S&P Global**

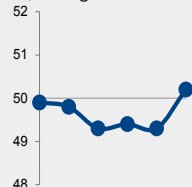




## Employment and capacity

### Employment Index

Sep '22 - Feb '23  
sa, >50 = growth



### Employment

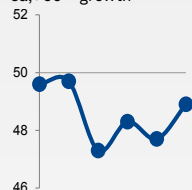
The seasonally adjusted Employment Index registered above the 50.0 no-change mark for the first time in seven months in February, signalling a renewed upturn in workforce numbers across Lebanon's private sector. That said, the rate of job creation was fractional.

### Backlogs of work

The level of work pending completion fell across Lebanon's private sector during February. This was evidenced by the seasonally adjusted Backlogs of Work Index posting below the neutral 50.0 mark. Overall, incomplete orders have now fallen for six successive months. Where a decrease was reported, survey respondents noted a greater degree of spare capacity due to falling new business wins.

### Backlogs of Work Index

Sep '22 - Feb '23  
sa, >50 = growth

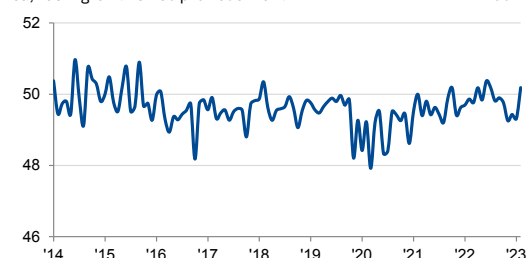


### Employment Index

sa, >50 = growth since previous month

50.2

Feb '23



### Backlogs of Work Index

sa, >50 = growth since previous month

48.9

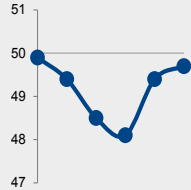
Feb '23



## Purchasing and inventories

### Quantity of Purchases Index

Sep '22 - Feb '23  
sa, >50 = growth



### Quantity of purchases

A reduction in purchasing activity was registered by private sector companies in Lebanon during February. Unfavourable exchange rate movements, liquidity issues and economic weakness reportedly led buying levels to decline. That said, the decrease in purchasing quantities was fractional and the weakest for five months.

### Quantity of Purchases Index

sa, >50 = growth since previous month

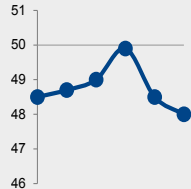
49.7

Feb '23



### Suppliers' Delivery Times Index

Sep '22 - Feb '23  
sa, >50 = faster times



### Suppliers' delivery times

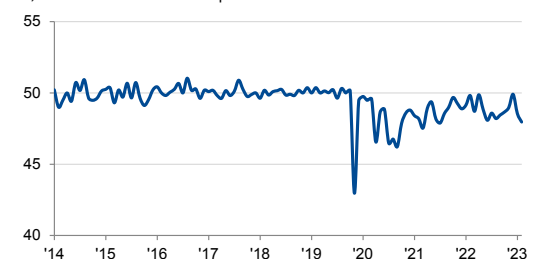
Private sector companies in Lebanon recorded a deterioration in vendor performance in February. Moreover, supplier delivery times lengthened to the greatest extent since July 2021. Exchange rate volatility was cited as a factor causing delays, particularly on items imported.

### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

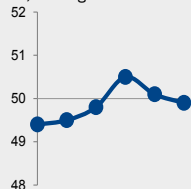
48.0

Feb '23



### Stocks of Purchases Index

Sep '22 - Feb '23  
sa, >50 = growth



### Stocks of purchases

The seasonally adjusted Stocks of Purchases Index registered just beneath the critical 50.0 level in February, thereby signalling a fractional decrease in warehoused items. This compared with increases in the prior two months, with December seeing the fastest accumulation in stocks for almost two years.

### Stocks of Purchases Index

sa, >50 = growth since previous month

49.9

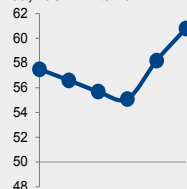
Feb '23



## Prices

### Input Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



### Overall input prices

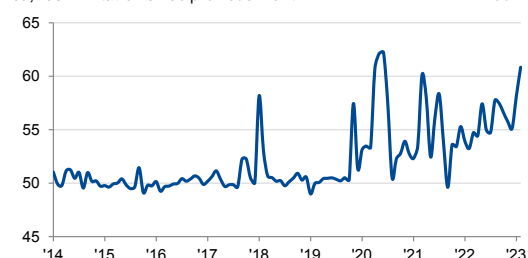
February survey data signalled another marked acceleration in the overall rate of input price inflation. The increase was steep and the sharpest since June 2020. Cost pressures intensified due to a worsening of the exchange rate against the US dollar, according to survey respondents.

### Input Prices Index

sa, >50 = inflation since previous month

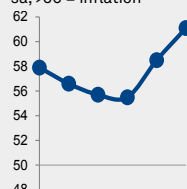
60.8

Feb '23



### Purchase Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



### Purchase prices

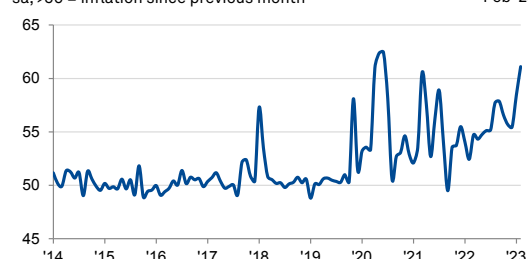
Prices paid by private sector business in Lebanon rose substantially in February. In fact, the increase was the quickest in over two-and-a-half years and among the fastest on record. Around 21% of respondents reported higher purchase prices, while the remainder (79%) recorded no change.

### Purchase Prices Index

sa, >50 = inflation since previous month

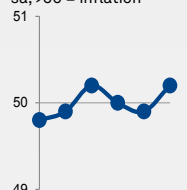
61.1

Feb '23



### Staff Costs Index

Sep '22 - Feb '23  
sa, >50 = inflation



### Staff costs

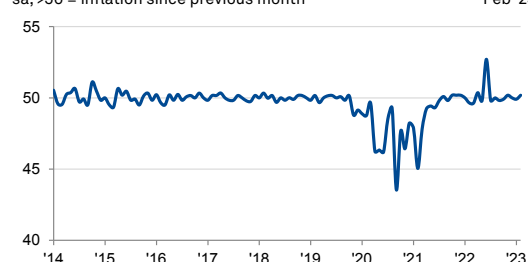
The seasonally adjusted Staff Costs Index posted above the 50.0 no-change threshold in February to signal an increase in salary expenses. Overall, this marked the first monthly increase in wage bills for three months, albeit one that was only fractional.

### Staff Costs Index

sa, >50 = inflation since previous month

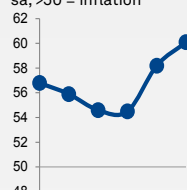
50.2

Feb '23



### Output Prices Index

Sep '22 - Feb '23  
sa, >50 = inflation



### Output prices

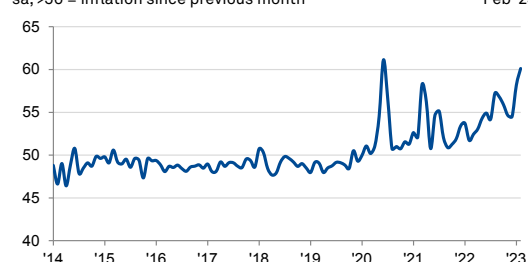
Private sector companies in Lebanon raised their prices charged during February, as evidenced by the seasonally adjusted Output Prices Index posting above the 50.0 no-change mark. The rate of inflation was steep and the second-sharpest on record, surpassed only by that seen in June 2020.

### Output Prices Index

sa, >50 = inflation since previous month

60.1

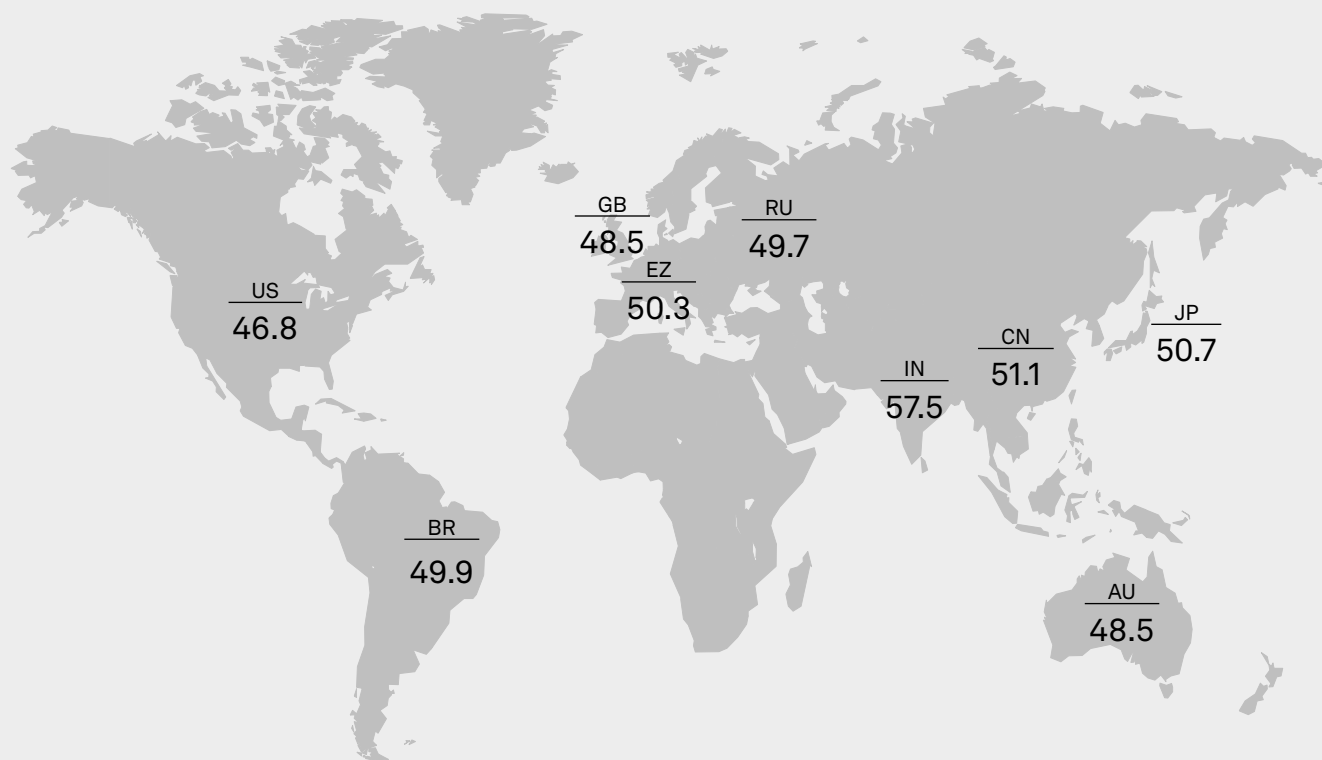
Feb '23



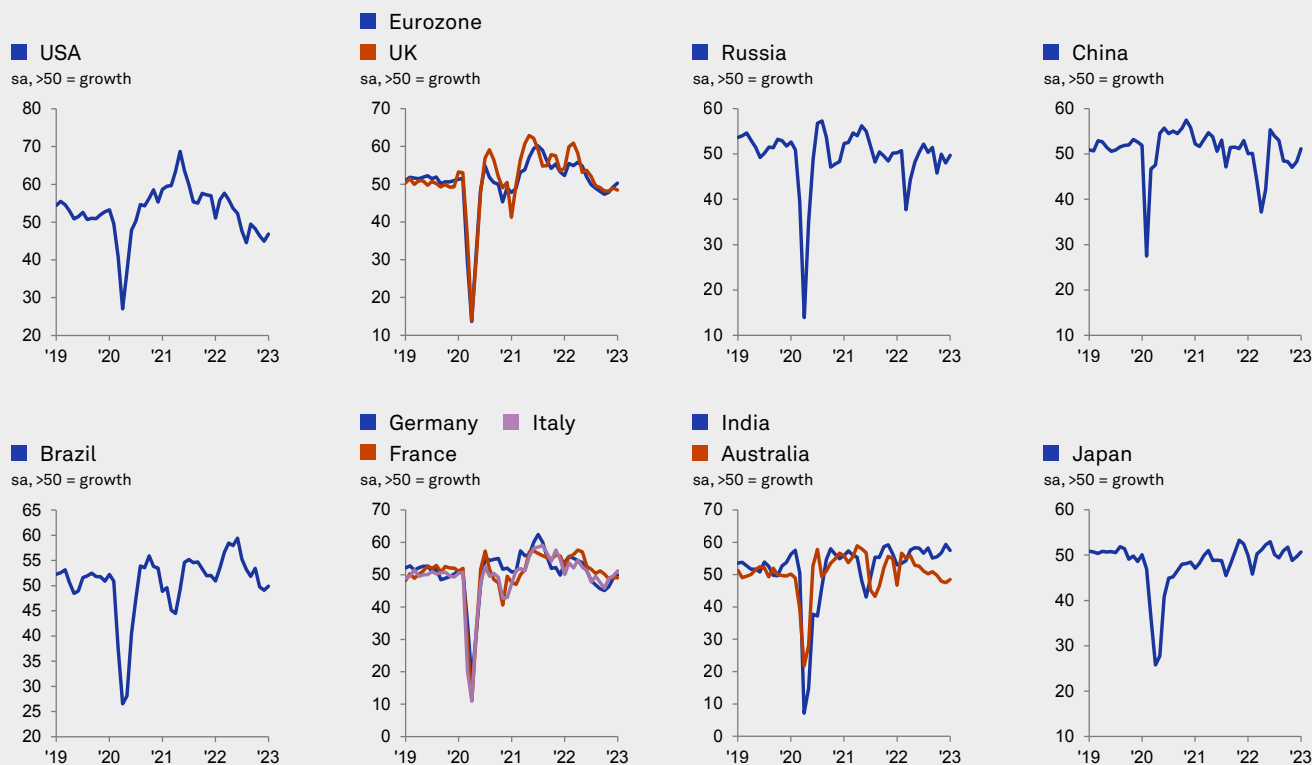
## International PMI

Composite Output Index, Jan '23  
 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



# PMI®

by **S&P Global**



## Survey 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 agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected May 2013.

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.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## Survey dates

Data were collected 10-22 February 2023.

### Survey questions

Private sector

Output  
New Orders  
New Export Orders  
Future Output  
Employment  
Backlogs Of Work  
Quantity Of Purchases

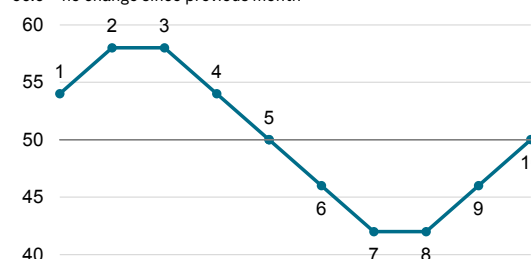
Suppliers' Delivery Times  
Stocks Of Purchases  
Input Prices  
Purchase Prices  
Staff Costs  
Output Prices

### Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

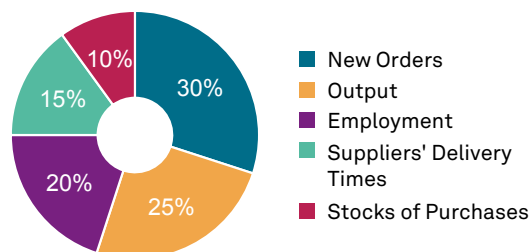
### Index interpretation

50.0 = no change since previous month



- |                          |                            |
|--------------------------|----------------------------|
| 1 Growth                 | 6 Decline, from no change  |
| 2 Growth, faster rate    | 7 Decline, faster rate     |
| 3 Growth, same rate      | 8 Decline, same rate       |
| 4 Growth, slower rate    | 9 Decline, slower rate     |
| 5 No change, from growth | 10 No change, from decline |

### PMI component weights



### Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C	Manufacturing	M	Professional, Scientific and Technical Activities
F	Construction	N	Administrative and Support Service Activities
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	P	Education*
H	Transportation and Storage	Q	Human Health and Social Work Activities*
I	Accommodation and Food Service Activities	R	Arts, Entertainment and Recreation
J	Information and Communication	S	Other Service Activities
K	Financial and Insurance Activities		

\*Private sector



# Index summary

## Private sector

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
09 '22	48.8	47.7	47.5	48.8	0.4	49.9	49.6	49.9	48.5	49.4	57.5	57.9	49.8	56.8
10 '22	49.1	48.2	48.0	48.4	0.0	49.8	49.7	49.4	48.7	49.5	56.6	56.6	49.9	55.9
11 '22	48.1	46.9	46.4	47.8	1.2	49.3	47.3	48.5	49.0	49.8	55.7	55.7	50.2	54.6
12 '22	47.3	45.2	45.3	48.1	0.0	49.4	48.3	48.1	49.9	50.5	55.1	55.5	50.0	54.5
01 '23	47.7	45.6	45.6	48.8	0.0	49.3	47.7	49.4	48.5	50.1	58.2	58.5	49.9	58.2
02 '23	48.8	47.4	47.1	48.9	0.0	50.2	48.9	49.7	48.0	49.9	60.8	61.1	50.2	60.1

## Contact

Dr Ali Bolbol  
Chief Economist / Head of Research  
BLOMINVEST Bank  
T: +961 1 739 817  
[ali.bolbol@blominvestbank.com](mailto:ali.bolbol@blominvestbank.com)

Joe Hayes  
Senior Economist  
S&P Global Market Intelligence  
T: +44-1344-328-099  
[joseph.hayes@spglobal.com](mailto:joseph.hayes@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.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.

[www.blominvestbank.com](http://www.blominvestbank.com)

### About S&P Global

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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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

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# PMI®

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