

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), April 5<sup>th</sup> 2023**

### BLOM Lebanon PMI®

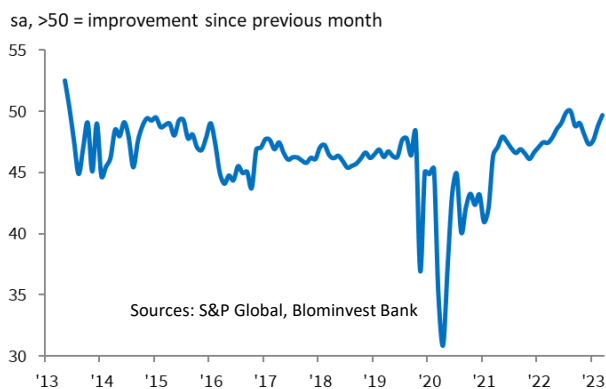
#### BLOM Lebanon PMI rises to seven-month high in March

Data collected March 10-27

**BLOM Lebanon PMI rises to 49.7, from 48.8 in February**

**Trends in output and new orders improve**

**Inflationary pressures remain historically elevated**



The BLOM Lebanon PMI® rose to its highest level since August 2022 in March as trends in output and new orders improved. While declines persisted in both cases, rates of decrease were marginal and the softest for seven months.

Amid reports of exchange rate volatility, the latest survey data showed historically elevated rates of inflation across both input costs and output prices. Supplier delivery times also lengthened to a greater extent as vendors reportedly delayed shipments.

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 49.7 in March, up from 48.8 in February to its highest level since August 2022. Although this was below the 50.0 no-change mark, it was indicative of only a fractional deterioration in private sector operating conditions.

**Commenting on BLOM Lebanon PMI for March 2023, Stephanie Aoun, Research Analyst at BLOMINVEST Bank, said:**

*"Much has been said about Lebanon's economic and humanitarian crisis, driven by on-going political paralysis and government's deliberate inaction. Nevertheless, despite these enormous challenges, the country's private sector has managed to cope and seems to be stabilizing. As a matter of fact, Blom Lebanon PMI rose exponentially to 49.7 in March 2023, up from 48.8 in the previous month, though still below the 50 threshold. The index rise is driven by notable upticks in output and new orders, in addition to a slight rise of stocks of purchases. In fact, private sector firms have erred on the side of caution and more economic sectors are becoming dollarized and cash based."*

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

The increase in the headline PMI was supported by both output and new orders during March. The latest survey data pointed to the slowest decline in private sector business activity across Lebanon since August 2022. A fall of a similar magnitude was also recorded for new business in March. Overall, new orders declined, but at the softest pace in seven months.

According to anecdotal evidence, challenging domestic economic conditions and weak client purchasing power

weighed on business performance during March. Local instability was also a drag on export demand, according to firms, with new orders from overseas customers falling for a twentieth successive month.

Purchasing activity subsequently decreased amid lower business requirements. The rate of decline was the quickest for three months. That said, despite input demand waning, supplier performance worsened in March. Average input lead times lengthened to the greatest extent in two years. According to firms, exchange rate volatility led some vendors to delay shipments.

Surveyed companies also noted that unfavourable exchange rate movements had pushed up their operating costs. The overall rate of input price inflation remained historically steep during March. Firms responded by raising their output charges once again.

Meanwhile, the latest survey data showed stable employment levels at the end of the first quarter. There was also a marginal uplift in stocks of purchases as firms experienced spare capacity. As a result, private sector companies across Lebanon continued to work through their backlogs in March. The rate of depletion was the slowest since October last year, however.

Lastly, although there was a small improvement in business sentiment, firms remained pessimistic towards the 12-month outlook for activity in March.

-Ends-

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**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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**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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