

News Release

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

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BLOM Lebanon PMI®

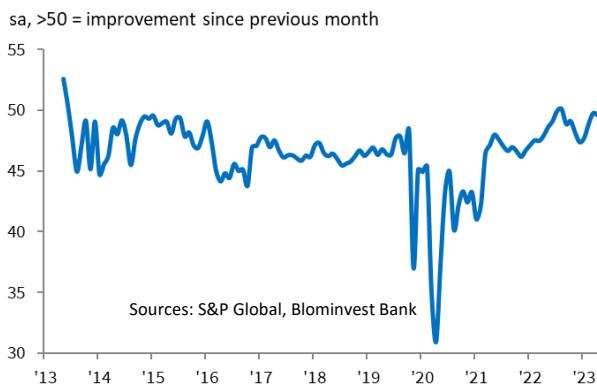
BLOM Lebanon PMI holds close to March's seven-month high

Data collected April 12-24

Headline index edges slightly lower to 49.5, from 49.7 in March

New export orders rise for the first time since July 2021

Future Output Index rises to 37-month high



The BLOM Lebanon PMI® remained just beneath the 50.0 no-change mark during April, signalling another marginal deterioration in the health of Lebanon's private sector economy. Although business activity and total demand both decreased slightly, there was an uplift in new orders from abroad, while purchasing activity and employment levels also expanded.

Meanwhile, there was marked slowdown in the rate of input cost inflation, which was only marginal overall. Subsequently, firms decreased their prices charged in April for the first time since December 2019.

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® was little-changed from March's seven-month high of 49.7 in April, dipping only fractionally to 49.5. Overall, this indicated a mild deterioration in the health of Lebanon's private sector economy.

The latest survey data showed a fall in business activity across the Lebanese private sector at the beginning of the second quarter. The decrease was modest overall, with panel members commenting on the adverse impact of domestic instability.

Commenting on BLOM Lebanon PMI for April 2023, Dr.Ali Bolbol, Chief Economist/Head of Research at BLOM Bank, said:

“Although the BLOM Lebanon PMI for April 2023 was slightly lower than March, at 49.5 from 49.7, it nevertheless hid some notable improvements. This is reflected in higher export orders, employment, quantity and stock of purchases, and – perhaps most of important of all – relative business confidence. That is in addition to lower input and output price inflation due to a better and stable exchange rate. That is not to say, however, that the Lebanese economy has turned the corner; but it does show that it is slowly adjusting upwards from the low equilibrium of the previous crisis years. And only a credible and well-governed reform program can move this adjustment faster and to a much higher equilibrium level.”

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

The level of incoming new work received by private sector firms in Lebanon also fell modestly during April. Where a reduction was reported, this was often linked to weak client purchasing power. That said, the decline in total order books was driven by domestic customers, as new business from overseas markets increased for the first time since July 2021. The rate of expansion, though marginal, was the joint-strongest in almost eight years.

Amid greater intakes of new business from abroad, private sector companies in Lebanon noted an increase in capacity pressures during April. Backlogs of work rose for the first time since August 2022, albeit only slightly. Meanwhile for the second time in three months, the latest survey data signalled a monthly rise in workforce numbers.

Notably, there was a sharp slowdown in overall input cost inflation at the start of the second quarter. The cooling of price pressures was driven by purchase costs, which rose only marginally during April after sharp increases seen in the previous months of 2023. Some respondents noted that they managed to secure items with US dollars obtained at a better exchange rate. Indeed, for the first time since July 2022, purchasing activity increased during April. The expansion in buying was the quickest since the start of 2016. Consequently, firms stockpiled inputs for the fourth time in five months.

Amid a sharp easing of input price pressures, selling charges decreased across Lebanon, the first time this has been the case since December 2019. Looking ahead, while firms were still pessimistic overall, business confidence rose to a 37-month high as some companies hoped for more stable operating conditions domestically.

-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.

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