

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION

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BLOM Lebanon PMI®

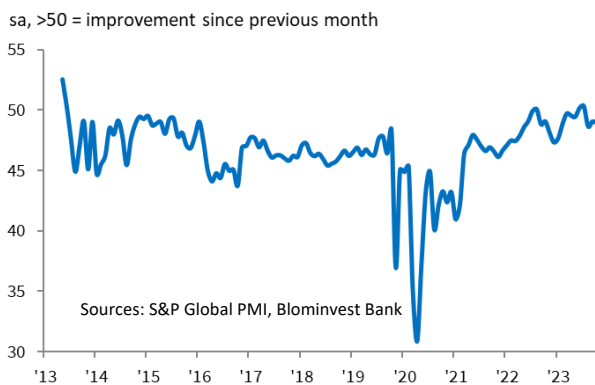
BLOM Lebanon PMI falls as order cancellations weigh on activity in October

Data collected October 12-25

BLOM Lebanon PMI® falls to 48.9, from 49.1

New orders fall at fastest pace since February amid cancellations

Supplier performance and confidence worsens



Operating conditions faced by private sector companies in Lebanon deteriorated during October, according to the latest BLOM Lebanon PMI® survey. Weighing on business performance was the fastest decrease in new orders since February amid reports from panellists of order cancellations due to security concerns. Activity levels subsequently fell, as did new export sales and input purchasing.

Meanwhile, supplier performance worsened for the first time since May and business confidence slipped to a three-month low. On a positive note, employment rose for a second successive month.

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 further below the 50.0 no-change mark in October to 48.9, from 49.1 in September. This therefore signalled a slightly stronger deterioration in operating conditions across the Lebanese private sector. That said, the decline was only modest overall.

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

“In October 2023, the Purchasing Managers' Index (PMI) witnessed a decline, dropping to 48.9 compared to 49.1 in September. One significant factor influencing this decline was the geopolitical tension arising from the Hamas-Israel war on October 7. In particular, Lebanon experienced high levels of unease, as there were concerns that the country might become involved in the conflict. As such, these regional tensions created an atmosphere of economic instability, impacting the PMI for October 2023. In spite of the tumultuous conditions, the Lebanese exchange rate held surprisingly steady throughout this challenging phase, where 1 USD maintained its value at 89,700 Lebanese Pounds. Finally, as we navigate these challenging times, it's crucial to keep a close eye on the evolving geopolitical landscape and try to evade its repercussions as best as we can.”

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

October survey data pointed to a further contraction in order book volumes, extending the current sequence of

declines to three months. The weakening of demand conditions was the fastest since February and moderate overall, with order cancellations due to security concerns reportedly weighing on the level of incoming new business. Sales to non-domestic customers also fell at a slightly faster pace.

Subsequently, a drop in new work intakes weighed on business activity, with output falling at a stronger rate than in September.

Amid a sustained fall in incoming new business, October survey data highlighted a renewed month of backlog depletion across Lebanon. The decrease was the quickest since January. Nevertheless, private sector employment levels remained on an upward path, rising for a second straight month.

That said, with instability within the region rising due to the conflict in Israel and Gaza, survey respondents signalled a deterioration in supplier performance for the first time since May. Firms increased their stocks of purchases, although the accumulation was the slowest in four months amid a renewed fall in purchasing activity.

Concerns of an escalation in the war between Hamas and Israel saw business confidence dip slightly to a three-month low. That said, the Future Output Index held fairly close to August's 41-month high.

Elsewhere, the latest survey data highlighted sustained inflationary pressures, with overall input costs rising. Anecdotal evidence suggested that firms passed on higher expenses to their customers, leading output prices to increase for a sixth month running. That said, input costs and selling charges were up only modestly.

-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@spglobal.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.

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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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