

## News Release

### Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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## BLOM Lebanon PMI®

### Lebanon PMI moves closer to 50.0 stabilisation mark

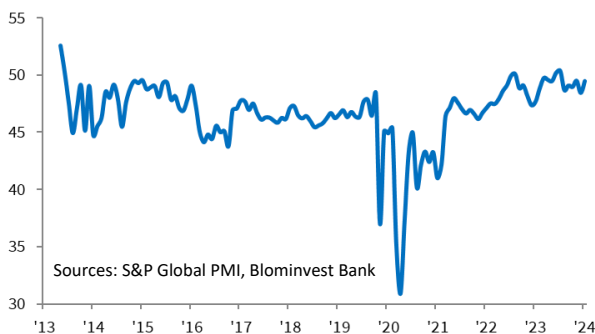
Data collected January 11-25

**BLOM Lebanon PMI rises to 49.4, from 48.4 in December**

**Business activity and new orders fall at softer rates**

**Costs close to stabilising; output prices tick slightly higher**

sa, >50 = improvement since previous month



According to the latest BLOM Lebanon PMI® survey, the Lebanese private sector economy moved closer to stabilisation at the beginning of 2024 as steady employment levels combined with softer rates of decline in output and new orders. Input cost inflation slowed notably on the month, while output charges were lifted as businesses sought to boost 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® rose from December's 11-month low of 48.4, to 49.4 in January. While still in territory that signalled a deterioration in Lebanon's private sector economy, it was a positive month-on-month move that pushed the headline index closer to the 50.0 stabilisation mark.

#### Commenting on BLOM Lebanon PMI for January 2024, Dr. Fadi Osseiran, general manager of BLOMINVEST Bank, said:

*"In January 2024, Lebanon's Purchasing Managers' Index (PMI) demonstrated resilience, reaching 49.4, compared to a low of 48.4 in December 2023. The reassuring news stems largely from the limited impact of the Gaza-Israel conflict as it is confined to the southern frontier, in addition to stability in the exchange rate. However, despite the optimistic progress, Lebanon encounters on-going challenges in its pursuit of economic renewal. This is emphasized by the approval of an amended budget that lacks vital reforms necessary to address the enduring crisis afflicting the public sector, not to mention the absence of an overall plan for financial and structural adjustments."*

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

Business activity levels fell at the start of 2024. The domestic political and economic landscape was cited as a restrictive factor by survey respondents. However, the decline was mild overall and softer than that seen at the end of last year.

Hindering output was also a further contraction in sales. January PMI data indicated fewer intakes of new work by private companies in Lebanon. Uncertainty led to reduced demand, according to anecdotal evidence, as

did customer security concerns due to the war in Gaza. This was especially notable in new export business, with lower tourism contributing to the fastest month-on-month decline since December 2022. Nevertheless, the reduction in overall demand (from both domestic and international sources) was only mild, with the respective index well above its long-term average.

Local and regional uncertainty were also expected to limit growth in the coming 12 months, as evidenced by a subdued reading of the Future Activity Index. That said, while January's level of business confidence was subdued overall, it was markedly higher than seen on average over the past four years.

Employment held steady in January, in line with the general trend seen since last August. This was despite signs of absent capacity pressures as backlogs of work declined for the fourth consecutive month.

Positively, private sector companies in Lebanon saw their operating costs come close to stabilising in January. Although overall input prices rose, the rate of inflation was fractional and the softest in nearly two-and-a-half years.

Cooling purchase cost inflation was a key driver of the slowdown in price pressures, although purchasing activity continued to decrease.

On the other hand, prices charged were raised, signalling efforts by firms to improve their profit margins. The extent to which selling prices rose was only marginal, however, and the softest in four months.

-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](mailto: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](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 [spglobal.com/marketintelligence/en/mi/products/pmi.html](http://spglobal.com/marketintelligence/en/mi/products/pmi.html)

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