

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), March 5<sup>th</sup> 2024**

### BLOM Lebanon PMI®

#### Security concerns weigh on Lebanese economy

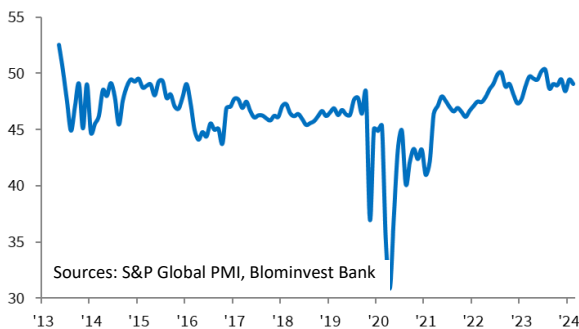
Data collected February 12-23

**BLOM Lebanon PMI dips to 49.1, from 49.4 in January**

**New business falls due to security concerns**

**Business confidence at seven-month low**

sa, >50 = improvement since previous month



According to the latest BLOM Lebanon PMI® survey, the private sector economy remained under pressure due to the war in Gaza and weakness in the domestic economy. New business fell during February, with overseas clients reluctant to place orders with Lebanese businesses due to security concerns. There was also a renewed drop in employment as business confidence fell to a seven-month low.

More positively, supplier performance fractionally improved, leading stocks of inputs to rise again. Cost pressures also remained contained, with the rate of inflation holding close to January's 28-month low.

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® recorded 49.1 in February, a slight dip from January's 49.4. Consequently, this indicated a marginally quicker deterioration in the health of Lebanon's private sector economy.

**Commenting on BLOM Lebanon PMI for February 2024, Mrs. Aline Azzi, research analyst of BLOMINVEST Bank, said:**

*"The current conflict in Lebanon, compounded by security concerns and the lack of comprehensive economic stabilization measures, is significantly contributing to the retreat observed in the PMI index for February to 49.1. The notable decline in business activities is driven by weakened demand conditions, decreased employment levels, and depleted backlogs of work. Persistent political discord continues despite initiatives such as the Quintet's involvement in the presidential election process. The failure to elect a Head of State for over a year is exacerbating the economic challenges faced by Lebanon. What complicates matters is that reform plans are in a state of limbo, signalling another year of dissatisfaction and uncertainties for the Lebanese populace. Concerns loom on the horizon as the country grapples with multiple regional and domestic issues. We only hope that this period of uncertainty does not persist for long, given the severity of the crisis."*

**The main findings of February's survey were as follows:**

Weak demand conditions were a restrictive factor for businesses in Lebanon during February. Security concerns due to the war in Gaza dented company sales,

anecdotal evidence showed. A challenging political and economic landscape also weighed on clients' appetite to place new orders. Export performances suffered as a result of the conflict in the region.

Lower intakes of new work led private sector employment levels in Lebanon to decrease during February. The reduction was the fastest since last May, but only fractional overall. Backlogs of work were depleted further midway through the first quarter despite lower staffing capacity. However, the pace at which pending orders fell was the slowest for three months.

Nevertheless, purchasing activity stabilised in February, ending a four-month period of contraction. This came amid improvements in supplier performance, with average input lead times shortening for the first time since last September, albeit only fractionally. Timelier deliveries enabled businesses to add to their stocks of inputs for the third successive survey period.

However, private sector companies in Lebanon were more pessimistic in their assessment of future output prospects during February. Overall, business confidence fell to its lowest level in seven months, with fears of a prolonged war in Gaza weighing on sentiment. Domestic political and economic conditions were also expected to remain challenging.

Meanwhile, the inflation environment in Lebanon remained benign, with rates of increase in input prices and output charges remaining mild. Total operating expenses rose at the second-slowest pace since mid-2023, while the rate of output price inflation held close to January's four-month low.

-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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**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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