

# BLOM Lebanon PMI<sup>®</sup>

## BLOM Lebanon PMI recovers slightly to three-month high, but business conditions remain challenging

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BLOM Lebanon PMI rises to 48.3, its highest since April

New orders and business activity fall, but at weaker rates

Employment drops slightly amid subdued 12-month outlook

According to the latest BLOM Lebanon PMI<sup>®</sup> survey, the Lebanese private sector economy weakened on a monthly basis in July. Lower intakes of new business weighed on activity levels, with domestic challenges relating to the political and economic situation, as well as adverse effects from the war in Gaza, hindering sales and restricting output across the country. That said, rates of contraction eased.

Meanwhile, employment fell at the fastest pace in a year-and-a-half as business confidence remained subdued. There was also a moderation in price pressures.

The headline figure derived from the survey is the Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>). 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

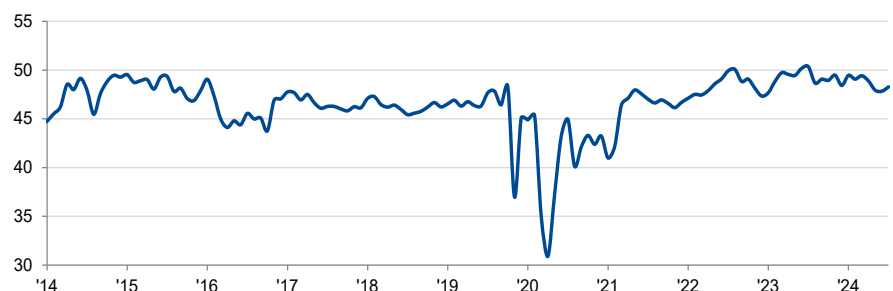
below 50.0 show a deterioration.

The headline BLOM Lebanon PMI posted below the 50.0 no-change mark in July, signalling a deterioration in the health of Lebanon's private sector economy. However, having risen from 47.8 in June to 48.3, the index signalled a weaker pace of decline, and one that was also the slowest since April. Notably, the BLOM Lebanon PMI remained above its historical average (46.7) and was indicative of a modest decline in operating conditions.

Private sector companies in Lebanon registered lower new business wins in July. The challenging economic and political situation domestically reportedly curbed intakes of new work, anecdotal evidence suggested, although others attributed weaker sales to the war in Gaza and the subsequent increase in security concerns. Indeed, this was particularly a drag on new export business, which fell for an eighth month running. Nevertheless, overall new orders (including both domestic and from abroad) fell at the softest

BLOM Lebanon PMI

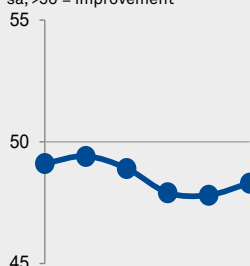
sa, >50 = improvement since previous month



# 48.3

LEBANON PMI  
JUL '24

PMI  
Feb - Jul '24  
sa, >50 = improvement



pace in three months.

Business activity levels subsequently fell as demand conditions weakened, although the rate of contraction was the slowest since April. Lower output requirements led to a reduction in purchasing activity for the first time in four months, while employment levels were cut by the greatest margin in a year-and-a-half. However, in both cases, rates of decline were only marginal.

Looking towards the outlook for business activity in the next 12 months, private sector firms in Lebanon anticipate a contraction when compared with present levels. Expectations that the persistence

of conflict in the region, as well as sustained weakness in the domestic economy, weighed on sentiment.

There was a further fractional improvement in supplier performance in July, although panellists continued to report greater shipping costs, as well as higher prices for imported items. Subsequently, operating expenses increased in July. That said, the rate of inflation did ease to a marginal pace.

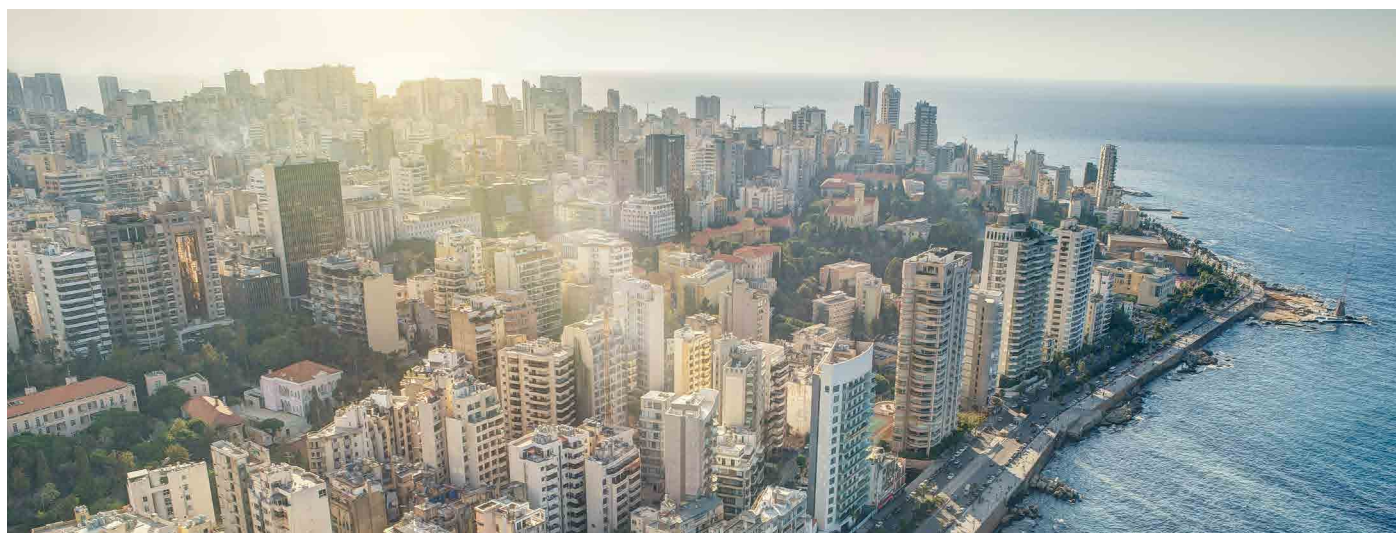
Private sector companies in Lebanon lifted their prices charged in a bid to share the burden of higher costs with clients. The increase was only mild, however.

## Comment

Commenting on BLOM Lebanon PMI for July 2024, Dr Ali Bolbol, Chief Economist/Head of Research at BLOM, said:

*“Lebanon's PMI rose in July to 48.3 from a lower figure of 47.8 in the previous month. Although still below the 50 threshold, the rise signals a softer decline in economic activity. The improvement in the index is predominantly due to increases in the PMI's sub-indices of output and new orders. A pick-up in the new*

*export orders index has also helped invigorate the economy, with an influx of tourists and expats somewhat stimulating new business openings and expansion. There is a renewed sense of optimism and resilience in Lebanon's economy, highlighting its potential for recovery amid ongoing challenges. As the country navigates these complex dynamics, the rise in the PMI serves as a hopeful indicator of gradual stabilization and opportunity for future development.”*



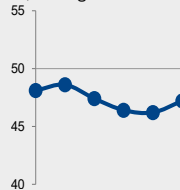
PMI®

by **S&P Global**

## Output and demand

### Output Index

Feb - Jul '24  
sa, >50 = growth



### Output

Private sector business activity in Lebanon decreased during July, extending the current period of decline to precisely one year. Weak demand conditions weighed on output, anecdotal evidence revealed. However, the rate of contraction eased from that seen in June to the weakest for three months.

### New orders

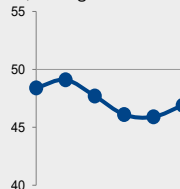
The level of new business received by private sector companies in Lebanon decreased at the beginning of the third quarter, latest survey data showed. Security concerns due to the war in Gaza, as well as the challenging domestic political and economic situation, were factors behind lower sales, reports from firms showed, although the latest decline did slow from June.

### New export orders

Adjusted for seasonal influences, the New Export Orders Index posted in sub-50.0 contraction territory during July, signalling fewer new orders received from non-domestic customers. Instability due to the war in Gaza reportedly deterred foreign clients. The rate of decrease was the slowest since April, however.

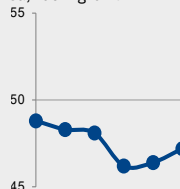
### New Orders Index

Feb - Jul '24  
sa, >50 = growth



### New Export Orders Index

Feb - Jul '24  
sa, >50 = growth



### Output Index

sa, >50 = growth since previous month

47.2

Jul '24



### New Orders Index

sa, >50 = growth since previous month

46.9

Jul '24



### New Export Orders Index

sa, >50 = growth since previous month

47.2

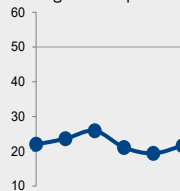
Jul '24



## Business expectations

### Future Output Index

Feb - Jul '24  
>50 = growth expected



With 58% of survey respondents predicting a reduction in business activity over the next 12 months, compared to less than 1% expecting growth, the Future Output Index remained indicative of a pessimistic outlook among private sector firms in Lebanon. In many cases, survey respondents anticipate that many of the existing challenges, such as those relating to domestic politics, the current economic climate and the war in Gaza, will persist throughout the next year and weigh on activity further.

### Future Output Index

>50 = growth expected over next 12 months

21.6

Jul '24

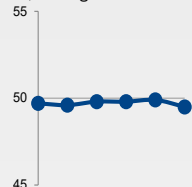




## Employment and capacity

### Employment Index

Feb - Jul '24  
sa, >50 = growth



### Employment

After holding broadly stable in the three previous survey periods, the latest data showed employment falling marginally during July. Indeed, although the decrease in staffing numbers across Lebanon's private sector was limited, it was nevertheless the most pronounced in a year-and-a-half. Where job cuts were reported, companies mentioned a lack of incoming new work.

### Employment Index

sa, >50 = growth since previous month

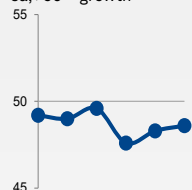
49.5

Jul '24



### Backlogs of Work Index

Feb - Jul '24  
sa, >50 = growth



### Backlogs of work

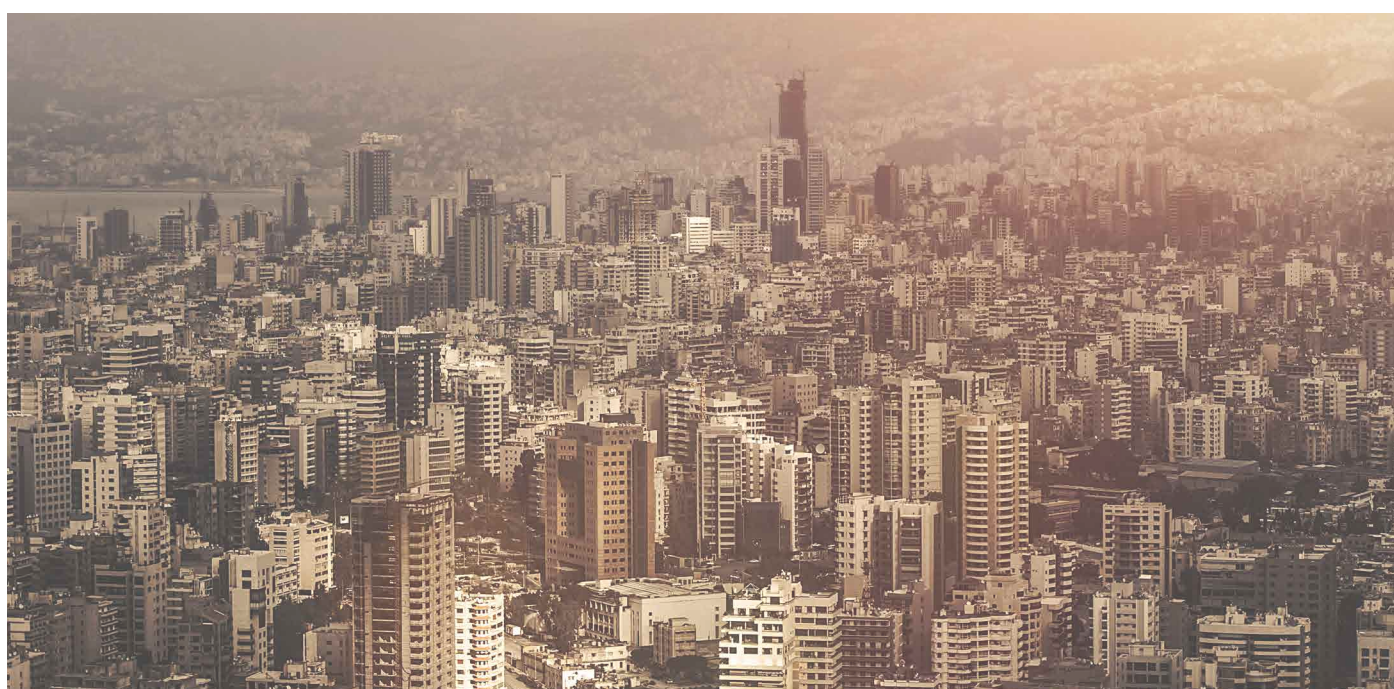
The seasonally adjusted Backlogs of Work Index posted below the 50.0 no-change mark in July, signalling a reduction in the volume of outstanding business across Lebanese private sector companies. That said, for a second month running, the pace of depletion eased and was the slowest since April.

### Backlogs of Work Index

sa, >50 = growth since previous month

48.6

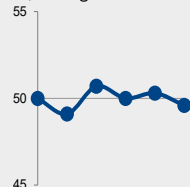
Jul '24



## Purchasing and inventories

### Quantity of Purchases Index

Feb - Jul '24  
sa, >50 = growth



### Quantity of purchases

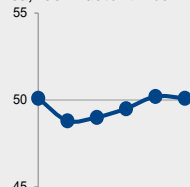
For the first time since March, private sector businesses in Lebanon reduced their purchases of items such as raw materials and semi-finished products in July. Where input buying fell, panellists linked this to a lack of incoming new work. That said, the decrease was only marginal overall.

### Suppliers' delivery times

As was the case during June, the seasonally adjusted Suppliers' Delivery Times Index posted just above the 50.0 no-change mark, indicating a fractional improvement in vendor performance when compared to the prior month. This marked the first time since the third quarter of last year that lead times from suppliers have shortened in back-to-back months.

### Suppliers' Delivery Times Index

Feb - Jul '24  
sa, >50 = faster times

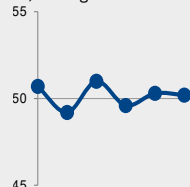


### Stocks of purchases

In line with June, private sector companies in Lebanon made a further incremental uplift in their stocks of purchases in July. This was evidenced by the respective seasonally adjusted index scoring fractionally above the expansion mark of 50.0. Only around 2% of survey respondents boosted inventories, however, with the vast majority (98%) reporting no change.

### Stocks of Purchases Index

Feb - Jul '24  
sa, >50 = growth



### Quantity of Purchases Index

sa, >50 = growth since previous month

49.6

Jul '24



### Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

50.1

Jul '24

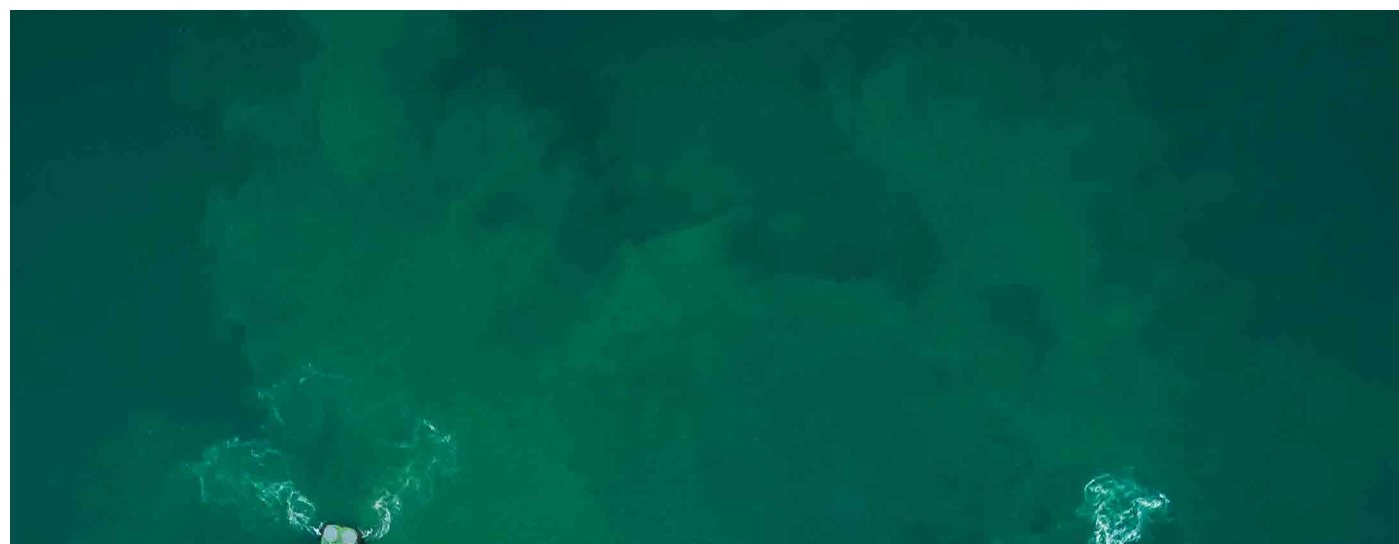


### Stocks of Purchases Index

sa, >50 = growth since previous month

50.2

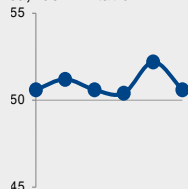
Jul '24



## Prices

### Input Prices Index

Feb - Jul '24  
sa, >50 = inflation



### Overall input prices

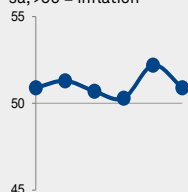
Total operating expenses faced by private sector companies in Lebanon increased in July. According to panel members, shipping costs, import prices and insurance fees were sources of inflationary pressures. However, the rate of increase in overall input prices was marginal and slowed from June's 15-month high.

### Purchase prices

Purchasing costs remained the driver of broader input price inflation for private sector firms in Lebanon during July, latest survey data showed. With just under 2% of respondents reporting an uplift in prices paid, the increase in purchase costs was only marginal overall.

### Purchase Prices Index

Feb - Jul '24  
sa, >50 = inflation

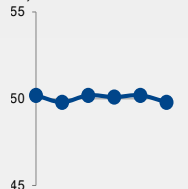


### Staff costs

The seasonally adjusted Staff Costs Index dipped just below the 50.0 no-change threshold in July, but once again held close to the neutral mark, signalling a small decline in labour expenses for private sector companies in Lebanon.

### Staff Costs Index

Feb - Jul '24  
sa, >50 = inflation

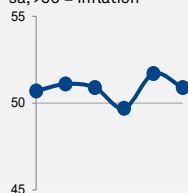


### Output prices

To combat the erosion of profit margins caused by higher costs, private sector companies in Lebanon increased their prices charged at the start of the third quarter of 2024. While the overall rate of output price inflation was marginal and weaker than in June, it was slightly faster than the long-run series average.

### Output Prices Index

Feb - Jul '24  
sa, >50 = inflation

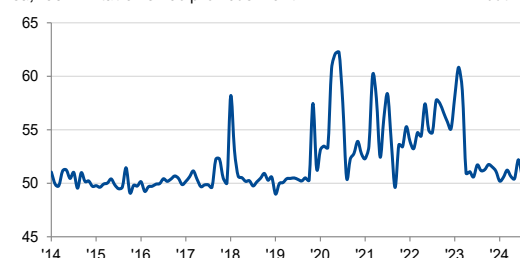


### Input Prices Index

sa, >50 = inflation since previous month

50.6

Jul '24



### Purchase Prices Index

sa, >50 = inflation since previous month

50.9

Jul '24



### Staff Costs Index

sa, >50 = inflation since previous month

49.8

Jul '24



### Output Prices Index

sa, >50 = inflation since previous month

50.9

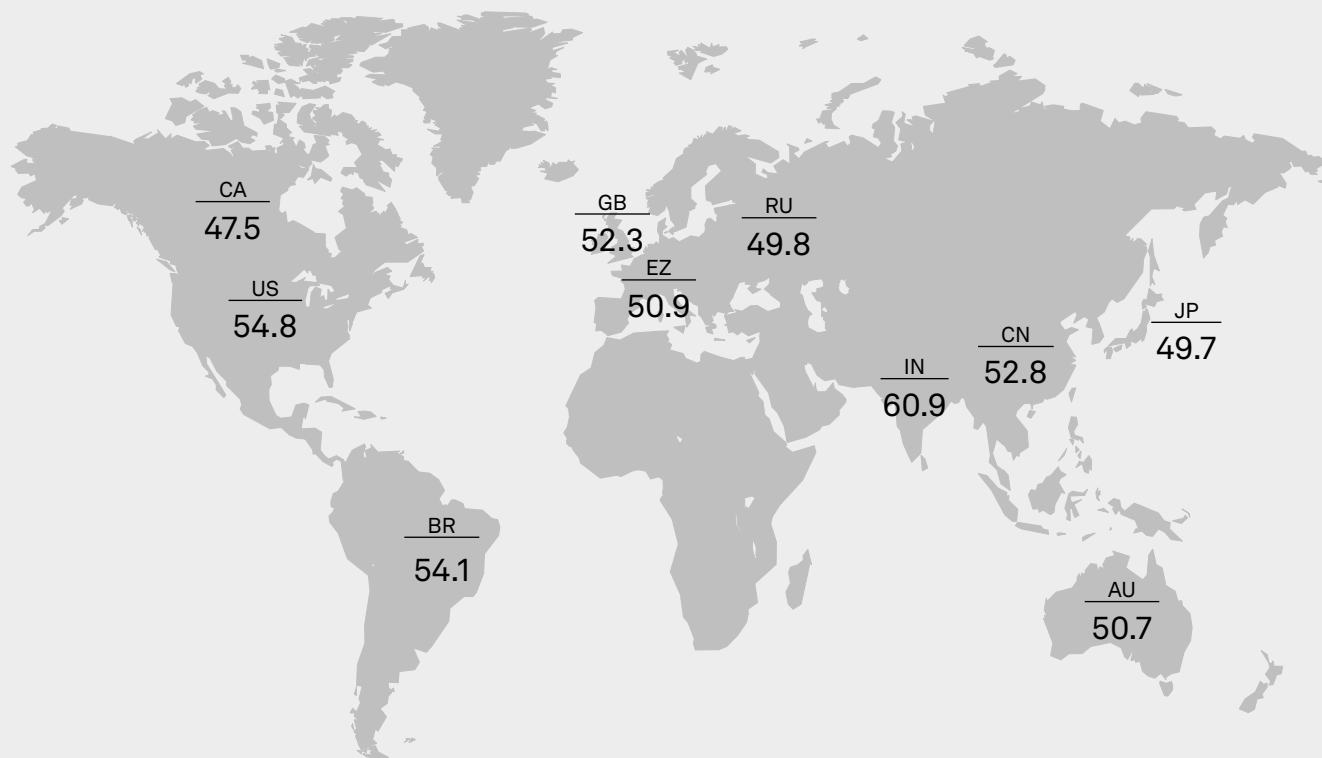
Jul '24



## International PMI

Composite Output Index, Jun '24  
 sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

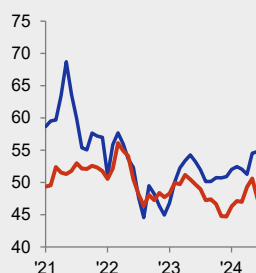


### Composite Output Index

■ USA

■ Canada

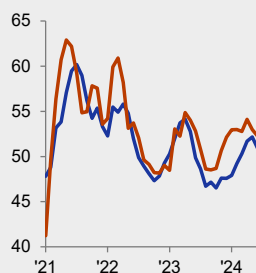
sa, >50 = growth



■ Eurozone

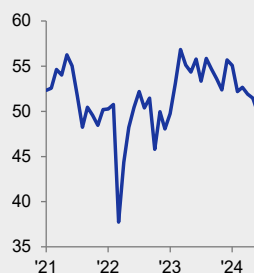
■ UK

sa, >50 = growth



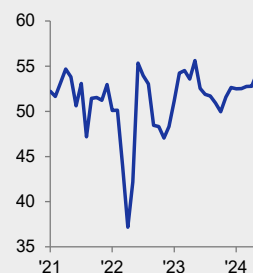
■ Russia

sa, >50 = growth



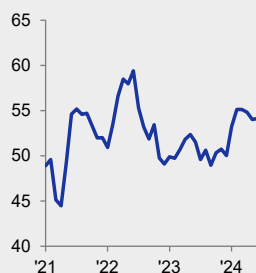
■ China

sa, >50 = growth



■ Brazil

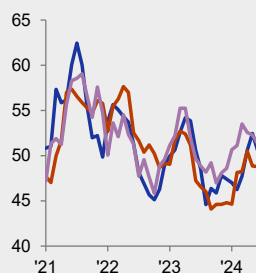
sa, >50 = growth



■ Germany ■ Italy

■ France

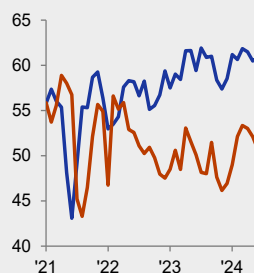
sa, >50 = growth



■ India

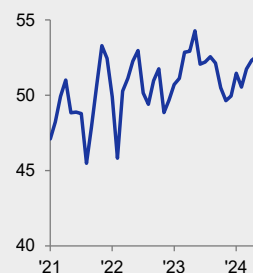
■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



## Survey methodology

The BLOM Lebanon PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include agriculture, mining, manufacturing, construction, wholesale, retail and services. Data were first collected May 2013.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

## Survey dates

Data were collected 11-25 July 2024.

### Survey questions

Private sector

Output  
New Orders  
New Export Orders  
Future Output  
Employment  
Backlogs Of Work  
Quantity Of Purchases

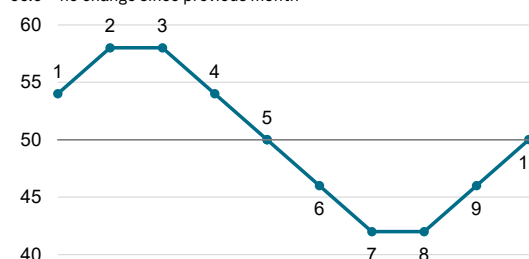
Suppliers' Delivery Times  
Stocks Of Purchases  
Input Prices  
Purchase Prices  
Staff Costs  
Output Prices

### Index calculation

$$\% \text{ "Higher"} + (\% \text{ "No change"})/2$$

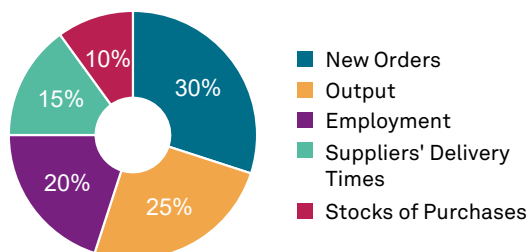
### Index interpretation

50.0 = no change since previous month



- |                          |                            |
|--------------------------|----------------------------|
| 1 Growth                 | 6 Decline, from no change  |
| 2 Growth, faster rate    | 7 Decline, faster rate     |
| 3 Growth, same rate      | 8 Decline, same rate       |
| 4 Growth, slower rate    | 9 Decline, slower rate     |
| 5 No change, from growth | 10 No change, from decline |

### PMI component weights



### Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C	Manufacturing	M	Professional, Scientific and Technical Activities
F	Construction	N	Administrative and Support Service Activities
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	P	Education*
H	Transportation and Storage	Q	Human Health and Social Work Activities*
I	Accommodation and Food Service Activities	R	Arts, Entertainment and Recreation
J	Information and Communication	S	Other Service Activities
K	Financial and Insurance Activities		

\*Private sector



# Index summary

## Private sector

sa, 50 = no change over previous month. \*50 = no change over next 12 months.

	PMI	Output	New Orders	New Export Orders	Future Output*	Employment	Backlogs of Work	Quantity of Purchases	Suppliers' Delivery Times	Stocks of Purchases	Overall Input Prices	Purchase Prices	Staff Costs	Output Prices
02 '24	49.1	48.1	48.4	48.8	22.0	49.7	49.2	50.0	50.1	50.7	50.6	50.9	50.2	50.7
03 '24	49.4	48.6	49.1	48.3	23.6	49.6	49.0	49.1	48.8	49.2	51.2	51.3	49.8	51.1
04 '24	48.9	47.4	47.7	48.1	25.9	49.8	49.6	50.7	49.0	51.0	50.6	50.7	50.2	50.9
05 '24	47.9	46.4	46.1	46.2	21.1	49.8	47.6	50.0	49.5	49.6	50.4	50.3	50.1	49.7
06 '24	47.8	46.2	45.9	46.4	19.4	49.9	48.3	50.3	50.2	50.3	52.2	52.2	50.2	51.7
07 '24	48.3	47.2	46.9	47.2	21.6	49.5	48.6	49.6	50.1	50.2	50.6	50.9	49.8	50.9

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### About BLOMINVEST BANK

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.

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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.

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