

BLOM Lebanon PMI®

Business conditions deteriorate in August

Contents

Overview

Comment

Output and demand

Business expectations

Employment and capacity

Purchasing and inventories

Prices

International PMI

Survey methodology

Further information

Output and new orders decrease at faster rates

Weaker tourism dents Lebanese economy, with exports falling

Business confidence weakens

According to the latest BLOM PMI® survey for Lebanon, the country's private sector economy remained under pressure midway through the third quarter. The war in Gaza, leading to heightened security concerns domestically amid conflict between Hezbollah and Israel, reportedly dented sales, tourism activity and overall levels of business output during August. Business confidence also weakened, with firms expressing concern towards the economic outlook.

That said, private sector employment fell at a softer pace despite quicker falls in activity, new business and backlogs of work. Cost pressures were also relatively subdued, although companies did report some inflationary effects arising from regional instability such as increased shipping costs and greater insurance premiums.

The headline BLOM Lebanon PMI posted below the no-change mark of 50.0 in August. At 47.9, the headline index fell from 48.3 in July and signalled a modest deterioration in the health of

the Lebanese private sector economy.

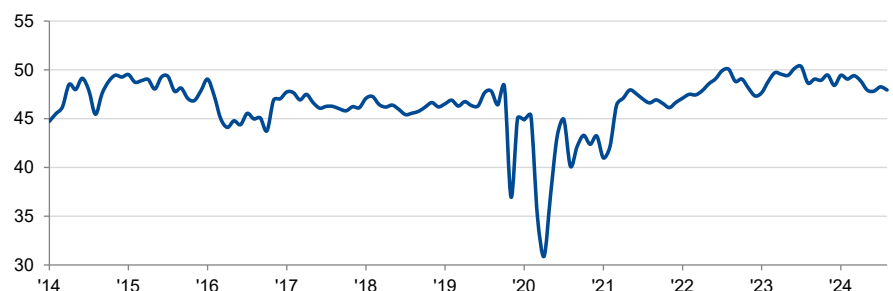
According to survey respondents, regional instability, concerns surrounding the security of Lebanon, political uncertainty and weak client purchasing power caused business activity levels to decline midway through the third quarter. The rate of contraction also quickened from July, but was softer than seen on average across the survey history.

The volume of incoming new work received by private sector companies in Lebanon shrank in August. Lower tourism demand was cited by survey respondents. Indeed, new export business decreased for a ninth successive month.

The potential for an escalation of the war in Gaza caused some businesses to express pessimism towards the outlook for business activity at their units in August. Broader economic and political concerns were also cited as reasons to be downbeat. Overall business confidence slipped in August.

BLOM Lebanon PMI

sa, >50 = improvement since previous month



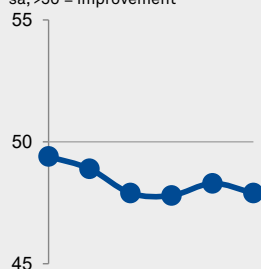
PMI®

by **S&P Global**

47.9

LEBANON PMI
AUG '24

PMI
Mar - Aug '24
sa, >50 = improvement



Purchasing activity decreased in August, with the pace of decline its quickest since December 2022. Some firms linked lower buying volumes to security concerns.

That said, there was a smaller fall in employment levels. This also came despite a further reduction in the volume of outstanding work at private sector companies in Lebanon. With input demand contracting, the latest survey data signalled a fractional improvement in supplier delivery times.

Surveyed companies reported price increases from vendors during August. There were also mentions of increased shipping costs and greater insurance

premiums. Overall input costs rose, albeit marginally and at a pace that was below the long-run average of the survey.

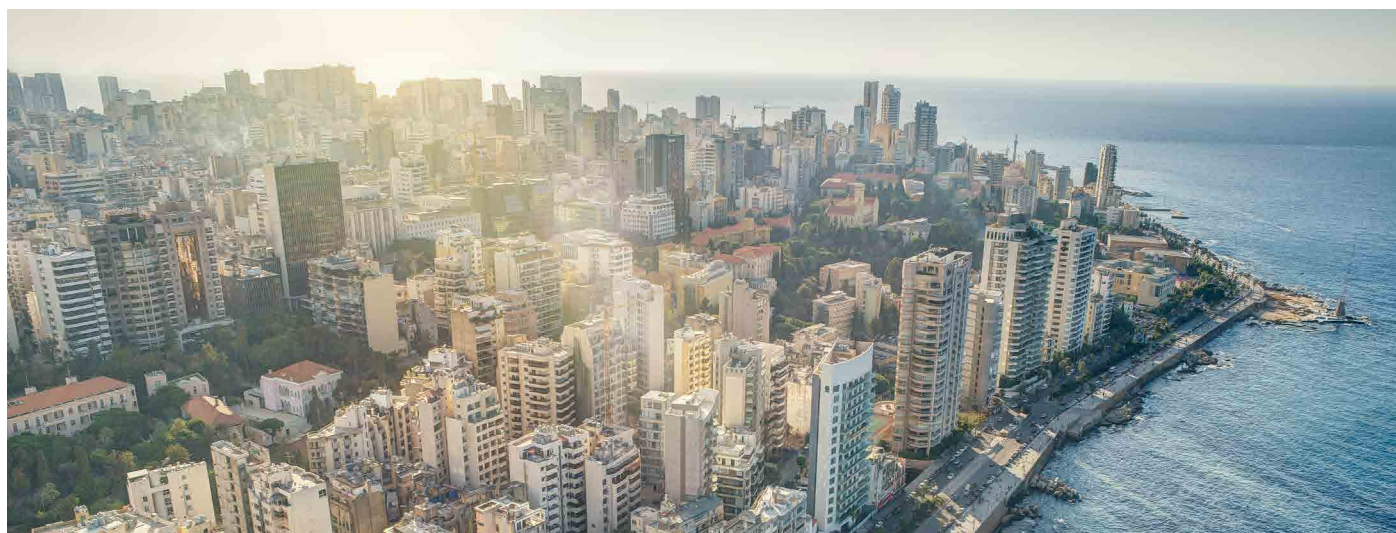
Selling charges were subsequently lifted as firms endeavoured to pass higher costs on to their clients. The rate of inflation was only fractional however, and the softest for three months.

Comment

Commenting on BLOM Lebanon PMI for August 2024, Helmi Mrad, research analyst at BLOM, said:

"Not surprisingly, the BLOM Lebanon PMI fell from 48.3 in July to 47.9 in August 2024. The security concerns weighed heavily on the private sector after the escalation in the war between Hezbollah and Israel. As such, tourism activity was interrupted, leading to faster output and new orders contractions. In addition,

private businesses passed on higher costs, resulting from increased shipping costs and greater insurance premiums, to their customers by charging them higher prices. However, despite the quicker drop in output and new orders, employment fell at a softer pace. But, what is most unfortunate is the loss of confidence as the private sector sees a bleaker businesses outlook in the future, with no end in sight."



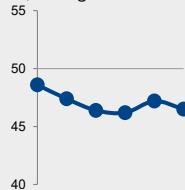
PMI®

by **S&P Global**

Output and demand

Output Index

Mar - Aug '24
sa, >50 = growth



Output

Private sector business activity across Lebanon fell midway through the third quarter of 2024. Lower tourism, security concerns, political uncertainty and weak client purchasing power led activity levels to shrink, according to anecdotal evidence. Although the rate of contraction quickened slightly since July, just 6% of panellists reported lower output. The decrease was weaker than that seen on average across the survey history.

Output Index

sa, >50 = growth since previous month

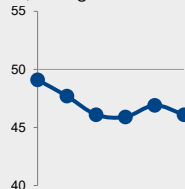
46.5

Aug '24



New Orders Index

Mar - Aug '24
sa, >50 = growth



New orders

Adjusted for seasonality, the New Orders Index posted in sub-50.0 contraction territory during August, thereby signalling a reduction in the volume of incoming new business placed with private sector firms in Lebanon. In many cases, lower sales were attributed to conflict and security risks. The pace of decrease accelerated from the previous survey period.

New Orders Index

sa, >50 = growth since previous month

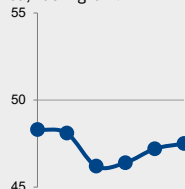
46.1

Aug '24



New Export Orders Index

Mar - Aug '24
sa, >50 = growth



New export orders

Regional instability and disruption in the Red Sea were reported as reasons driving a decrease in new export sales at private sector firms in Lebanon midway through the third quarter. Overall, demand from non-domestic customers shrank for the ninth consecutive month, but at a softer pace than in July.

New Export Orders Index

sa, >50 = growth since previous month

47.5

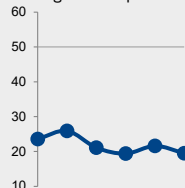
Aug '24



Business expectations

Future Output Index

Mar - Aug '24
>50 = growth expected



In August, the Future Output Index signalled downbeat expectations for the coming 12 months by private sector businesses in Lebanon. Where lower activity levels were predicted (at around 61% of survey respondents), concerns surrounding conflict within the region and the potential for its escalation, political instability and a deterioration in the economy were noted as reasons to be pessimistic.

Future Output Index

>50 = growth expected over next 12 months

19.5

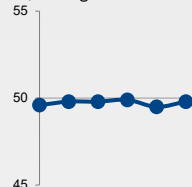
Aug '24



Employment and capacity

Employment Index

Mar - Aug '24
sa, >50 = growth



Employment

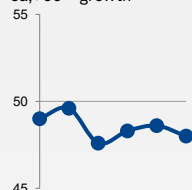
The seasonally adjusted Employment Index posted close to, but just below the neutral 50.0 threshold during August, indicating only a fractional reduction in private sector workforce numbers across Lebanon. This was in line with the general trend seen since February. Where staffing capacity shrank, companies mentioned lower workloads.

Backlogs of work

The level of work outstanding at private sector companies in Lebanon decreased midway through the third quarter. According to the businesses that saw backlogs shrink, a lack of incoming new orders meant more resources were available to deal with work pending completion. The depletion was moderate overall and slightly faster than that seen in July.

Backlogs of Work Index

Mar - Aug '24
sa, >50 = growth



Employment Index

sa, >50 = growth since previous month

49.8

Aug '24

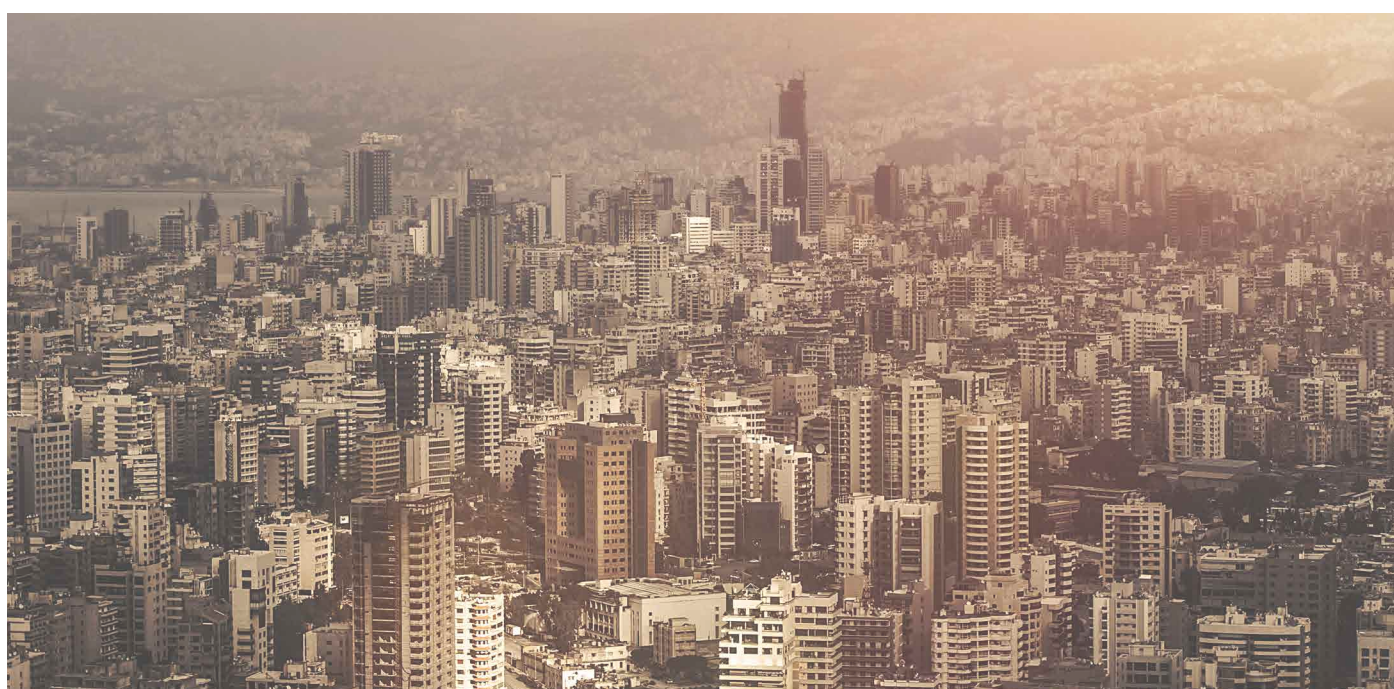


Backlogs of Work Index

sa, >50 = growth since previous month

48.0

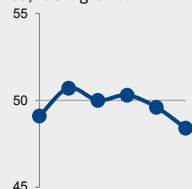
Aug '24



Purchasing and inventories

Quantity of Purchases Index

Mar - Aug '24
sa, >50 = growth



Quantity of purchases

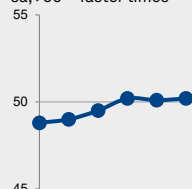
August was the second month in a row that the quantity of purchases made by private sector businesses in Lebanon fell. In some cases, firms linked a reduction in buying activity to heightened security concerns. The decline was the fastest since December 2022.

Suppliers' delivery times

In line with both June and July, the seasonally adjusted Suppliers' Delivery Times Index posted fractionally above the 50.0 no-change threshold in August, signalling a small improvement in vendor performance. This compared positively against the overall trend since the survey began over 11 years ago, where firms have on average reported a lengthening of average supplier lead times.

Suppliers' Delivery Times Index

Mar - Aug '24
sa, >50 = faster times

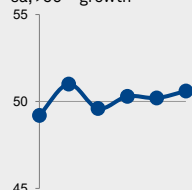


Stocks of purchases

Private sector companies in Lebanon expanded their holdings of raw materials, semi-finished products and other purchased items during August. The uplift was the third in as many months and the fastest since April. That said, the rate of increase was only marginal overall.

Stocks of Purchases Index

Mar - Aug '24
sa, >50 = growth



Quantity of Purchases Index

sa, >50 = growth since previous month

48.4

Aug '24

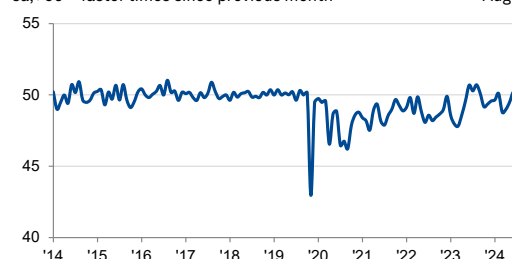


Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

50.2

Aug '24

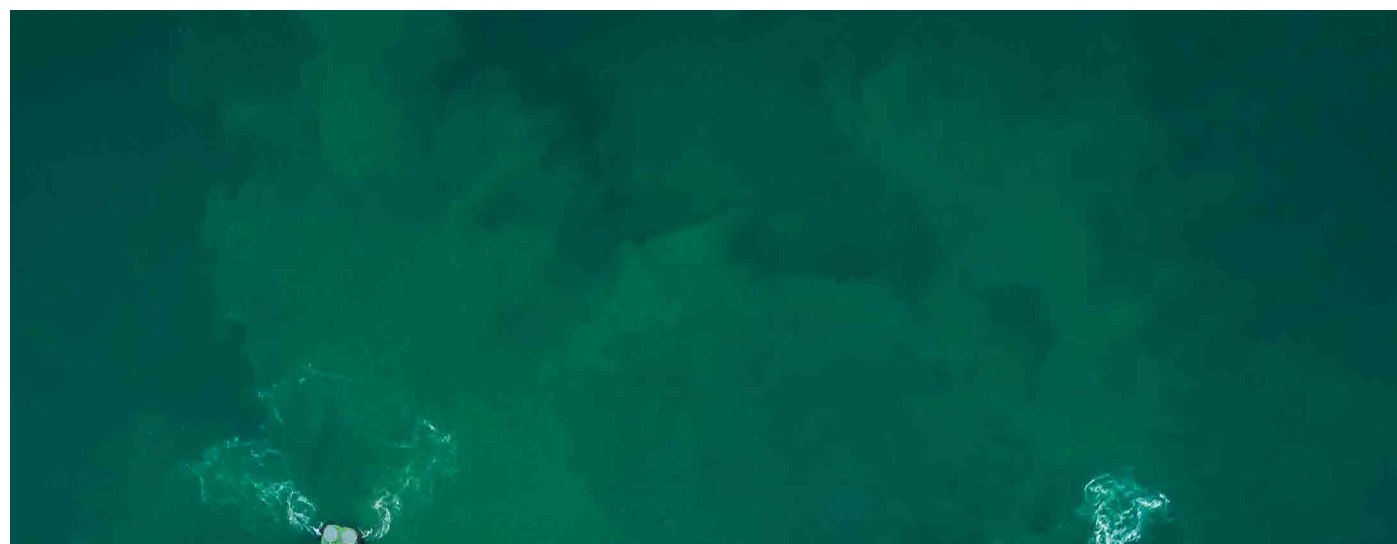


Stocks of Purchases Index

sa, >50 = growth since previous month

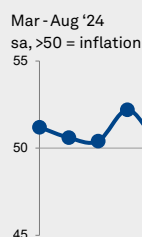
50.6

Aug '24



Prices

Input Prices Index



Overall input prices

August survey data indicated an increase in total input costs for companies operating in Lebanon's private sector. The rate of inflation quickened slightly but remained relatively weak overall, recording beneath the historical average of the survey. Purchase prices were the principal source of cost pressures, underlying data revealed.

Purchase prices

Amid reports of increased insurance premiums, greater shipping costs and higher charges from vendors, the latest PMI data indicated a rise in purchase prices faced by private sector companies in Lebanon. The rate of inflation accelerated since July but was muted by historical standards.

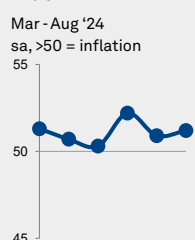
Staff costs

The seasonally adjusted Staff Costs Index registered just beneath the 50.0 no-change threshold midway through the third quarter of 2024, pointing to a fractional decrease in labour costs at private sector companies in Lebanon.

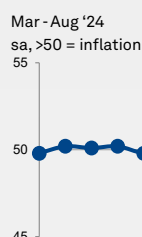
Output prices

Prices charged by companies in the Lebanese private sector were lifted during August. Where selling prices rose, panellists linked this to greater purchasing costs. However, the overall rate of increase was only fractional and the weakest seen across the current three-month period of inflation.

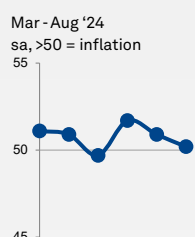
Purchase Prices Index



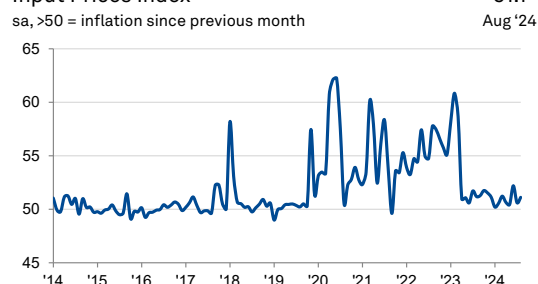
Staff Costs Index



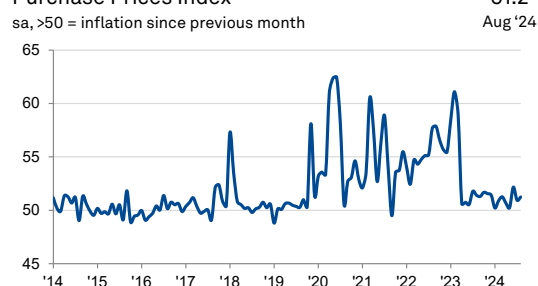
Output Prices Index



Input Prices Index



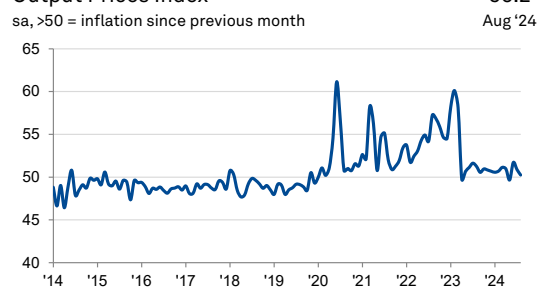
Purchase Prices Index



Staff Costs Index



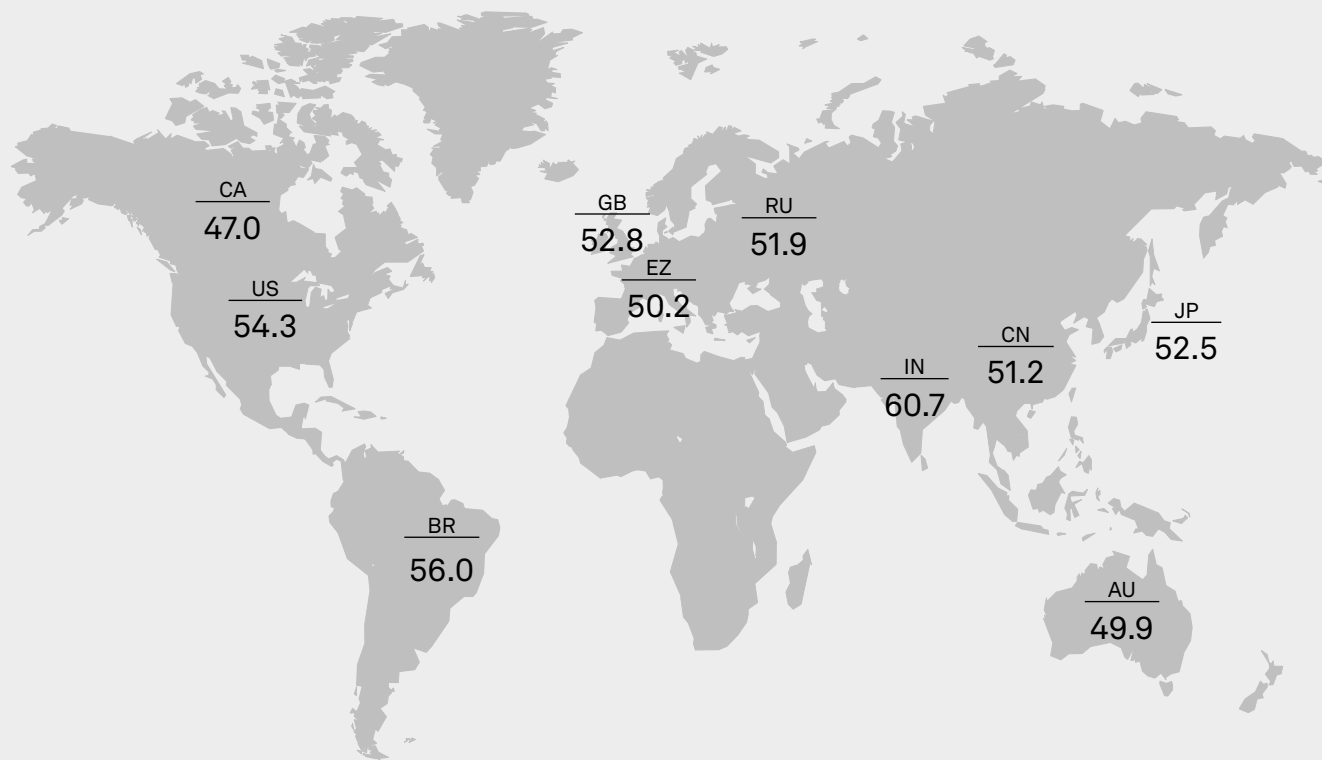
Output Prices Index



International PMI

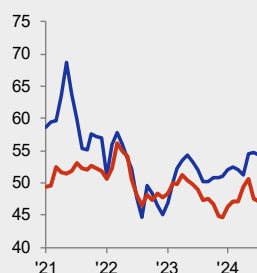
Composite Output Index, Jul '24
 sa, >50 = growth since previous month

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

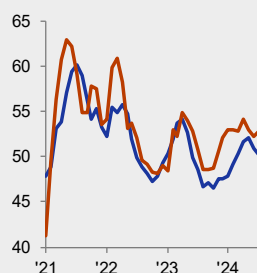


Composite Output Index

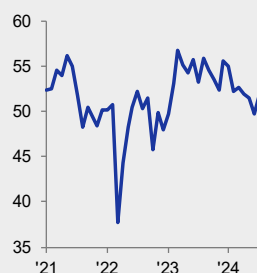
■ USA
 ■ Canada
 sa, >50 = growth



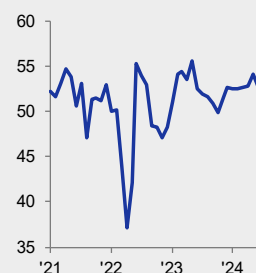
■ Eurozone
 ■ UK
 sa, >50 = growth



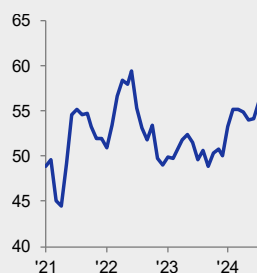
■ Russia
 sa, >50 = growth



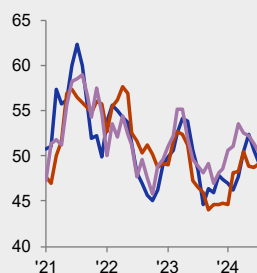
■ China
 sa, >50 = growth



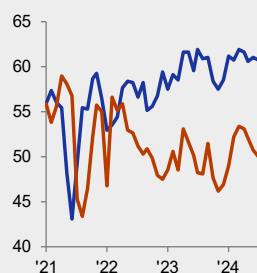
■ Brazil
 sa, >50 = growth



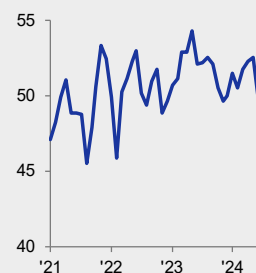
■ Germany ■ Italy
 ■ France
 sa, >50 = growth



■ 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.

Survey dates

Data were collected 12-23 August 2024.

Survey questions

Private sector

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

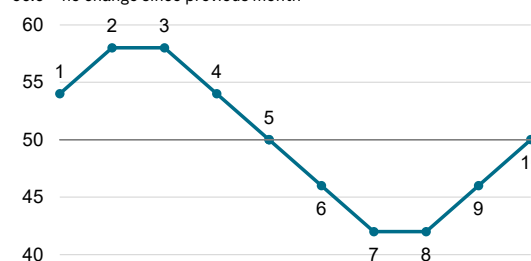
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

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

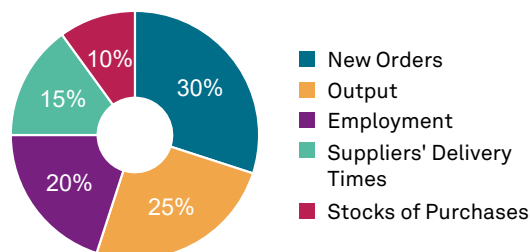
Index interpretation

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 |
|--------|------|--------|------------|-------------------|----------------|------------|------------------|-----------------------|---------------------------|---------------------|----------------------|-----------------|-------------|---------------|
| 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 |
| 08 '24 | 47.9 | 46.5 | 46.1 | 47.5 | 19.5 | 49.8 | 48.0 | 48.4 | 50.2 | 50.6 | 51.1 | 51.2 | 49.9 | 50.2 |

Contact

Dr Ali Bolbol
 Chief Economist / Head of Research
 BLOMINVEST Bank
 T: +961 1 739 817
ali.bolbol@blominvestbank.com

Joe Hayes
 Principal Economist
 S&P Global Market Intelligence
 T: +44-1344-328-099
joe.hayes@spglobal.com

Sabrina Mayeen
 Corporate Communications
 S&P Global Market Intelligence
 T: +44 7967 447 030
sabrina.mayeen@spglobal.com

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.

www.blominvestbank.com

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi.html

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI®

by **S&P Global**

© 2024 S&P Global