

BLOM Lebanon PMI®

BLOM Lebanon PMI ticks up to four-month high

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PMI recovers from October's 44-month low...

... but private sector economy suffers from Israel's war in Lebanon

Firms predict activity levels to fall in the year ahead

According to the latest BLOM PMI® survey data, Lebanon's private sector economy remained under pressure during November. Israel's war against Hezbollah continued to restrict new business wins and activity levels, caused supply-chain disruption and drove purchasing costs higher. Notably, however, rates of decline in output and new orders slowed markedly, which helped the PMI recover.

The headline BLOM Lebanon PMI® rose to 48.1 in November, from October's 44-month low of 45.0. Overall, this was the highest level of the index in four months and signalled the softest deterioration in private sector conditions since July.

November survey data revealed a further reduction in private sector business activity across Lebanon. Panel members widely cited Israel's war against Hezbollah as a drag on their output volumes, with heightened security concerns and economic fragility limiting total activity. That said, the pace of decline slowed since October and was the weakest for three

months.

Private sector firms in Lebanon reported sustained weakness in demand midway through the fourth quarter. Subdued customer purchasing power curbed intakes of new work, according to anecdotal evidence. The month-on-month decrease was the least marked since July, but still solid nevertheless.

Contributing to the cooling contraction in total sales was a significant easing of the downturn in non-domestic client orders. While survey respondents cited a lack of interest from international sources due to conflict both domestically and across the region more broadly, the latest decrease in new export business was considerably slower than in October.

With total workloads still falling, the latest survey data showed that private sector firms in Lebanon tapered their purchasing volumes. This marked the fifth consecutive month that input buying has declined. That said, the contraction was weaker than that seen

BLOM Lebanon PMI

sa, >50 = improvement since previous month



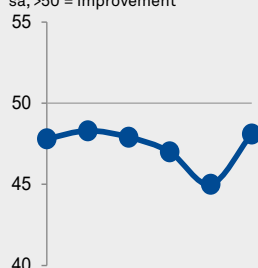
PMI®

by **S&P Global**

48.1

LEBANON PMI
NOV '24

PMI
Jun - Nov '24
sa, >50 = improvement



in October and moderate.

Regarding inventories, purchased items held in stock fell only marginally during the latest survey period. This was despite suppliers' delivery times lengthening further. In fact, the extent to which vendor performance deteriorated was the most marked in 20 months. Where lead times were reported to have lengthened, firms noted that this was due to poor road conditions and insecurity.

Meanwhile, the latest survey data revealed that employment remained in slight contraction. Backlogs of work fell for a fourteenth month in succession, signalling spare capacity across firms in Lebanon's private sector, though the

drop softened.

Panellists indicated that Israel's war against Hezbollah was impacting prices, particularly for goods being purchased. Overall operating costs ticked higher again, leading firms to raise their own charges for a sixth straight month.

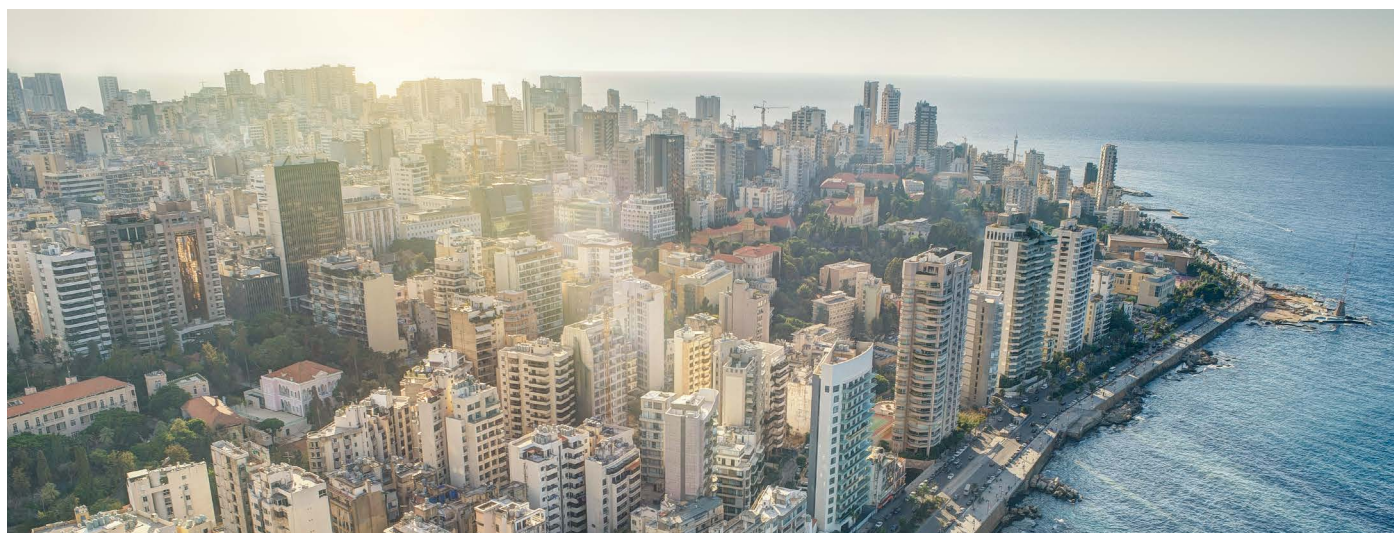
Lastly, when assessing the outlook for business activity levels in the coming year, survey respondents remained pessimistic. The fear of an escalation in the conflict between Israel and Hezbollah was commonly cited as a reason to be downbeat, anecdotal evidence showed.

Comment

Commenting on the November 2024 BLOM Lebanon PMI, Dr. Ali Bolbol, Chief Economist/Head of Research, at BLOM Bank said:

"Perhaps a bit surprising, the BLOM Lebanon PMI for November 2024 improved to 48.1 after registering a 44-month low in October 2024 at 45.0. That is good news, as the economy was able to steady itself somewhat after the severe slump in October, driven by signs of recovery in exports and in domestic demand. The latter seems

to have been positively affected by the need to replenish inventories and to provide for the massive internal refugees, in addition to the injection of more US dollar liquidity by the Central Bank. We hope the good news is reinforced by a quick end to the war and to all armed presence in the country, as well as the election of a new president and the formation of a reforming government."

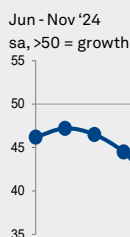


PMI®

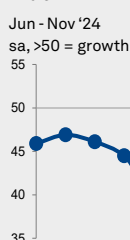
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Output and demand

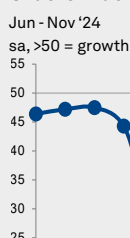
Output Index



New Orders Index



New Export Orders Index



Output

Private sector business activity decreased in Lebanon during November. According to surveyed companies, insecurity due to Israel's war against Hezbollah was a common reason given for the decline in output levels. However, the rate of contraction slowed markedly since October and was the softest seen for three months.

New orders

Adjusted for seasonal variation, the New Orders Index posted below the 50.0 no-change mark in November, signalling a reduction in the amount of new business received by private sector firms in Lebanon. Weak purchasing power among clients and the conflict between Israel and Hezbollah were reported to have curbed new work intakes. Nevertheless, the pace of the decline was the slowest since July.

New export orders

After plummeting in October to its lowest level since May 2020, the seasonally adjusted New Export Orders Index recovered in November. Still, with a reading below the 50.0 mark, it merely signalled a much softer contraction in sales to non-domestic customers than in the month prior.

Output Index



New Orders Index



New Export Orders Index



Business expectations

Future Output Index



Private sector companies in Lebanon retained a pessimistic assessment of their activity prospects for the next 12 months during November. Concerns regarding an intensification of the war between Israel and Hezbollah were frequently cited by panel members as a reason for their downbeat outlook. Many companies also expressed expectations of economic deterioration if the conflict continues. That said, the level of negative sentiment lessened slightly.

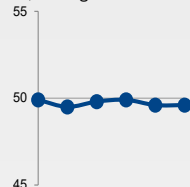
Future Output Index



Employment and capacity

Employment Index

Jun - Nov '24
sa, >50 = growth



Employment

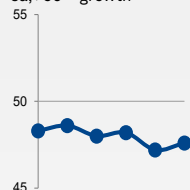
Another marginal contraction in private sector employment levels was registered in Lebanon midway through the fourth quarter. This was signalled by the respective seasonally adjusted index posting just below the 50.0 no-change threshold, as has generally been the case for nearly a year. Lower workforce numbers were linked with weak demand conditions.

Backlogs of work

There was evidence of spare capacity among private sector companies in Lebanon during November, as backlogs of work fell for a fourteenth month in succession. The rate of depletion was moderate and, albeit weaker than in October, the joint-second-fastest over the aforementioned sequence (matching that seen in May).

Backlogs of Work Index

Jun - Nov '24
sa, >50 = growth

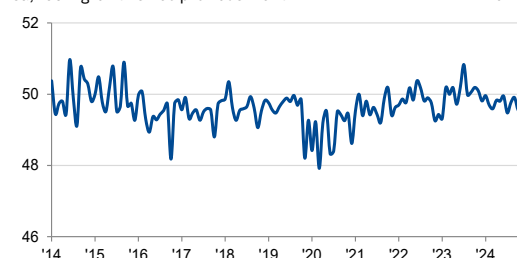


Employment Index

sa, >50 = growth since previous month

49.6

Nov '24



Backlogs of Work Index

sa, >50 = growth since previous month

47.6

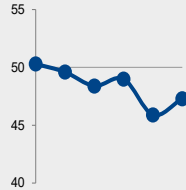
Nov '24



Purchasing and inventories

Quantity of Purchases Index

Jun - Nov '24
sa, >50 = growth



Quantity of purchases

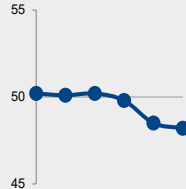
The latest survey results revealed yet another reduction in purchasing activity by private sector firms in Lebanon. This extended the current sequence of falling buying volumes to five months. Companies that tapered their spending cited the adverse impact of weaker demand. The pace of decline was moderate overall and softer than seen in the previous month.

Suppliers' delivery times

The seasonally adjusted Suppliers' Delivery Times Index recorded below the 50.0 no-change mark in November, signalling a deterioration in vendor performance. According to survey respondents, Israel's war in Lebanon hampered the shipment of goods, with security concerns and poor road conditions leading to longer lead times. Overall, the decline in supplier performance was the most marked since March 2023.

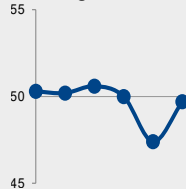
Suppliers' Delivery Times Index

Jun - Nov '24
sa, >50 = faster times



Stocks of Purchases Index

Jun - Nov '24
sa, >50 = growth



Stocks of purchases

After companies ran down their inventories of purchases at the sharpest pace in over four years in October, stocks came close to stabilising in November, falling only marginally and to a much softer extent. This was signalled by the respective seasonally adjusted index posting close to the 50.0 no-change mark.

Quantity of Purchases Index

sa, >50 = growth since previous month

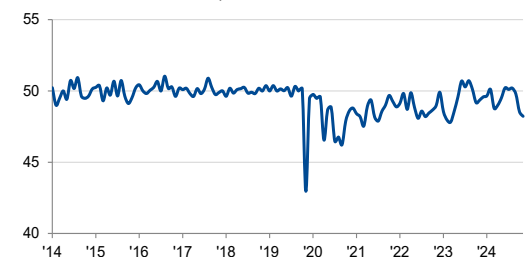
47.3
Nov '24



Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

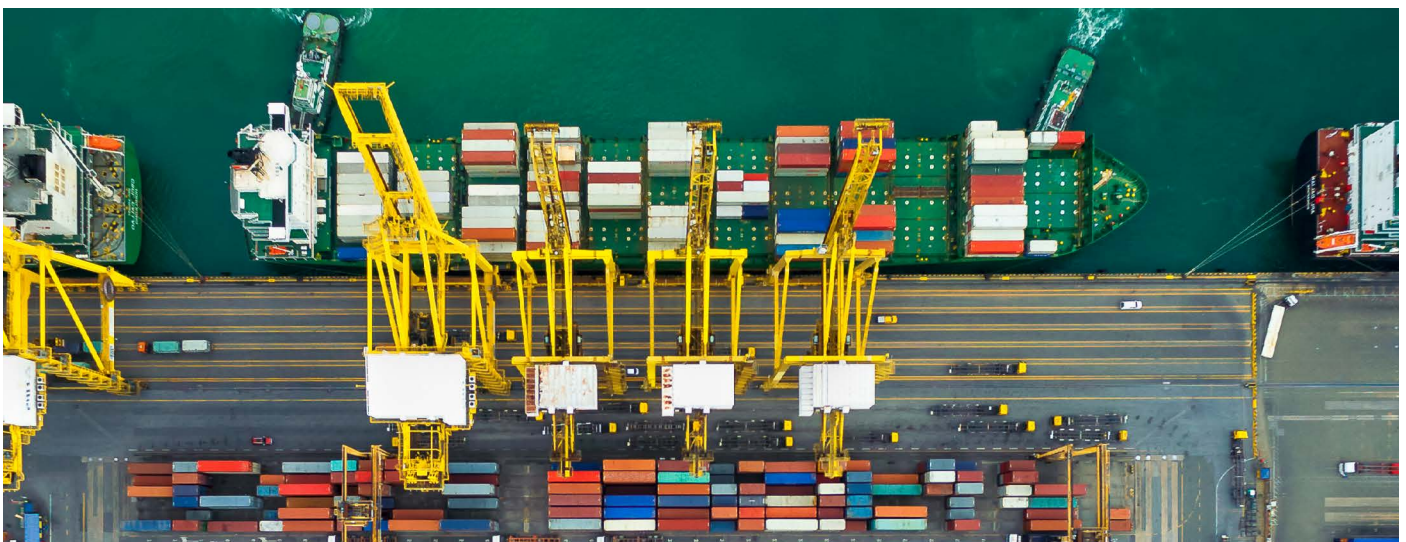
48.2
Nov '24



Stocks of Purchases Index

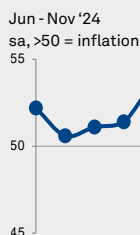
sa, >50 = growth since previous month

49.7
Nov '24



Prices

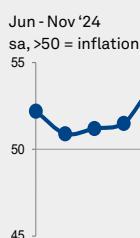
Input Prices Index



Overall input prices

Inflationary pressures were felt by private sector companies in Lebanon during November. Purchase costs were the principal driver of this, more granular data revealed. The overall rate of increase in firms' operating expenses weakened, however, and was slightly softer than the long-run average.

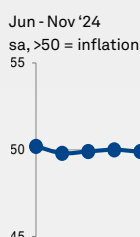
Purchase Prices Index



Purchase prices

Amid reports of higher goods prices, mark-ups from vendors, and market pressures due to Israel's war against Hezbollah, purchasing costs rose midway through the fourth quarter of the year. That said, the rate of inflation ticked slightly lower from October.

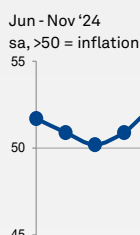
Staff Costs Index



Staff costs

The seasonally adjusted Staff Costs Index recorded 50.0 during the latest survey period, thereby indicating no change in labour expenses for private sector businesses in Lebanon. This was broadly in line with the average seen over the past two-and-a-half years.

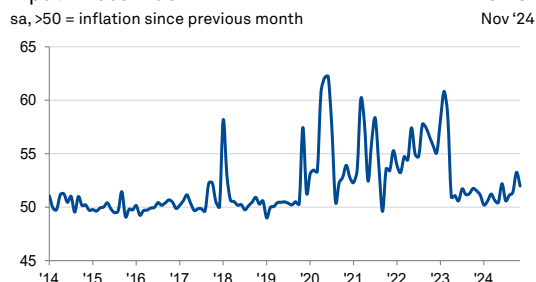
Output Prices Index



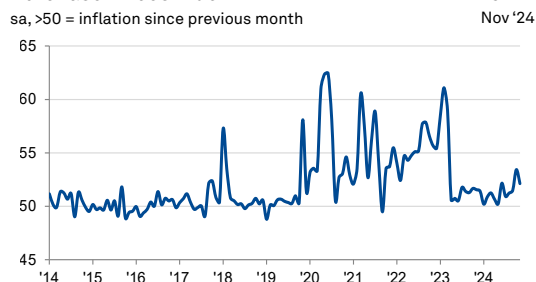
Output prices

Prices charged by private sector companies in Lebanon continued to rise during November. This marked the sixth month in a row that selling prices have increased. Where firms reported an uptick in their charges, they indicated that this was to share the burden of higher costs with clients. That said, the rate of inflation cooled from October's 19-month high.

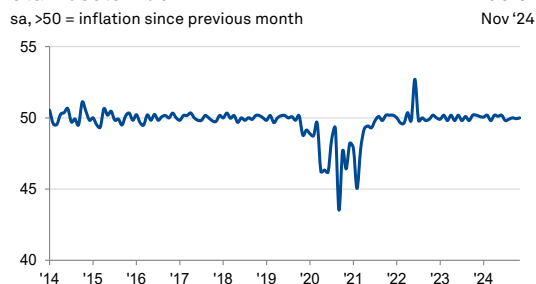
Input Prices Index



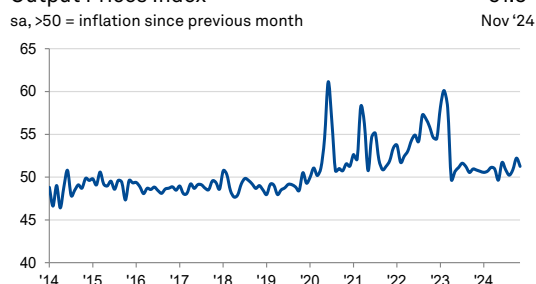
Purchase Prices Index



Staff Costs Index



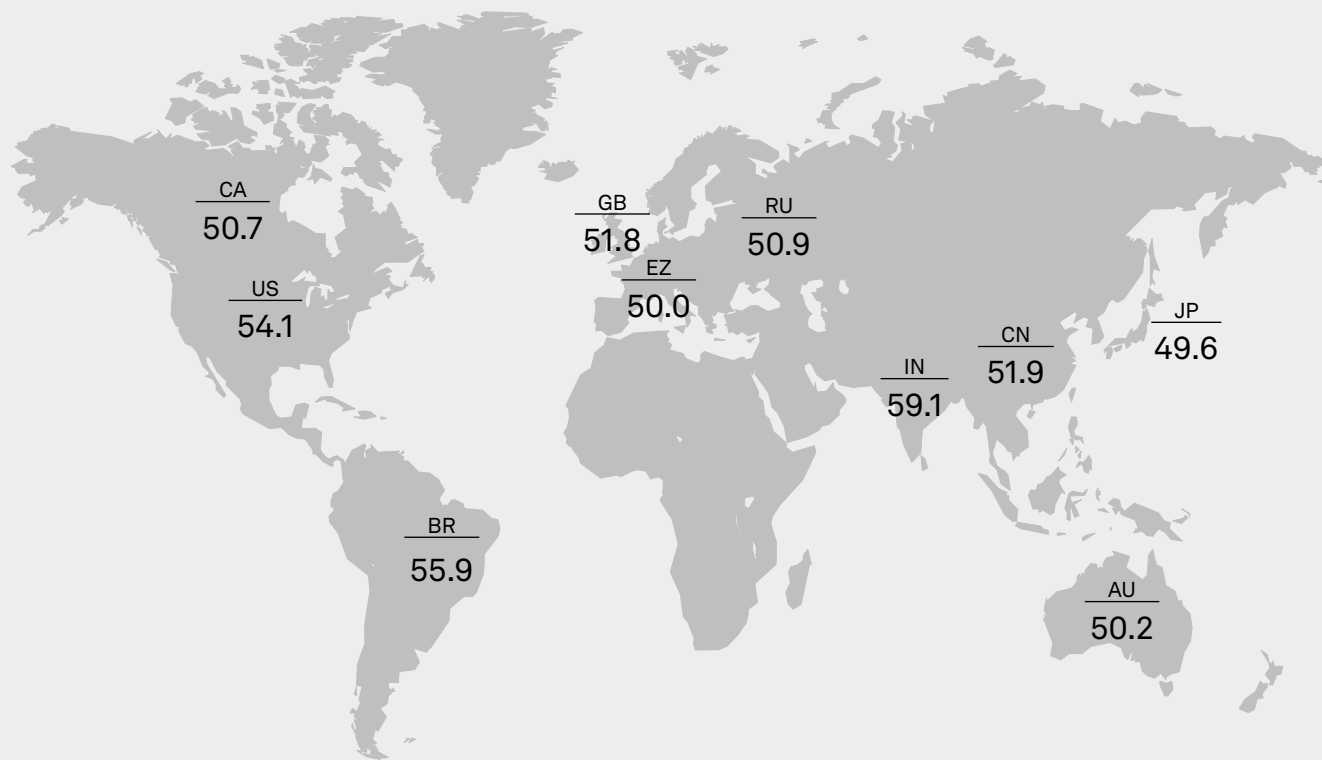
Output Prices Index



International PMI

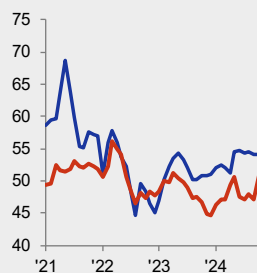
Composite Output Index, Oct '24
 sa, >50 = growth since previous month

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

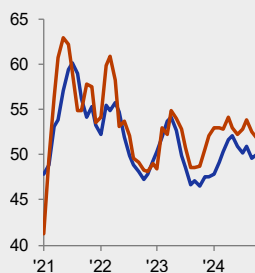


Composite Output Index

■ USA
 ■ Canada
 sa, >50 = growth



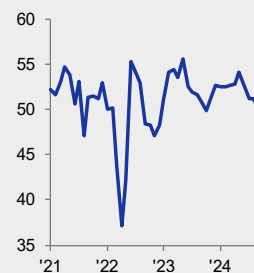
■ Eurozone
 ■ UK
 sa, >50 = growth



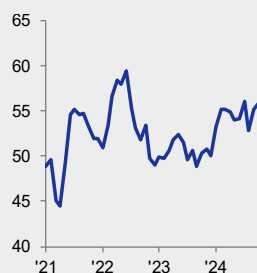
■ Russia
 sa, >50 = growth



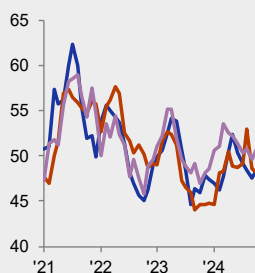
■ China
 sa, >50 = growth



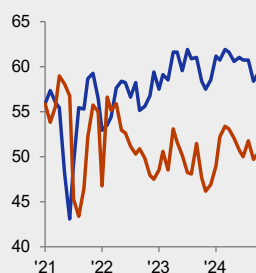
■ Brazil
 sa, >50 = growth



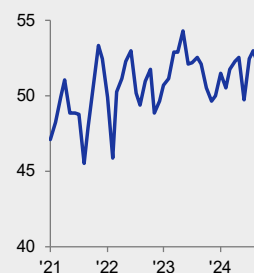
■ Germany ■ Italy
 ■ France
 sa, >50 = growth



■ India
 ■ Australia
 sa, >50 = growth



■ Japan
 sa, >50 = growth



PMI®

by **S&P Global**

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 12-25 November 2024.

Survey questions

Private sector

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

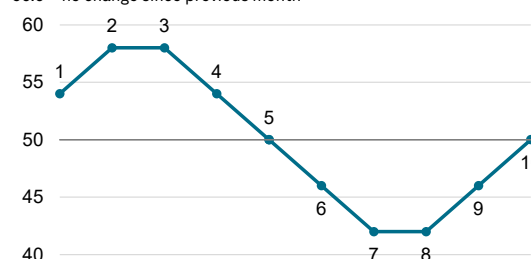
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

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

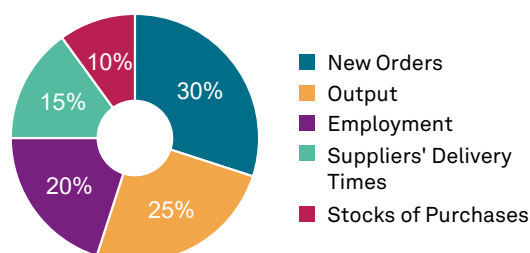
Index interpretation

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
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
09 '24	47.0	44.5	44.5	44.3	23.0	49.9	48.2	49.0	49.8	50.0	51.4	51.5	50.0	50.9
10 '24	45.0	41.5	40.7	31.2	8.2	49.6	47.2	45.9	48.5	47.4	53.3	53.4	49.9	52.2
11 '24	48.1	46.0	46.4	44.2	15.3	49.6	47.6	47.3	48.2	49.7	52.0	52.1	50.0	51.3

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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.

www.blominvestbank.com

About S&P Global

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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.

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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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