

News Release

**Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION**

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), December 4th 2024

Data collected November 12-25

BLOM Lebanon PMI®

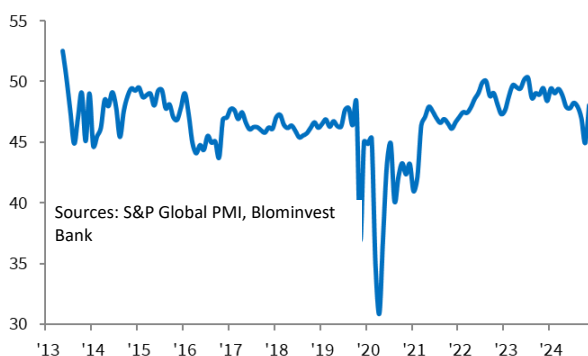
BLOM Lebanon PMI ticks up to four-month high

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

sa, >50 = improvement since previous month



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.

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."

The main findings of November's survey were as follows:

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 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.

Panelists 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.

-Ends-

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.

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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.

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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.

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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

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