

BLOM Lebanon PMI®

BLOM Lebanon PMI recovers further in December

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BLOM Lebanon PMI rises to eight-month high of 48.8

Contractions in output, new orders and exports cool

Business confidence surges to survey record following ceasefire

There were widespread improvements in BLOM Lebanon PMI® survey indicators for the final month of 2024. Most notable was a surge in business confidence, with surveyed companies recording their most optimistic assessment of the 12-month outlook on record as the Israel-Hezbollah ceasefire buoyed sentiment.

Meanwhile, contractions in output, new orders, exports and purchasing activity cooled on the month, in part reflecting a recovery in sales in some parts of the private sector economy. Employment was also held broadly stable, while inventory levels saw no change.

The headline BLOM Lebanon PMI® increased for a second month in succession at the end of 2024, rising to an eight-month high of 48.8, from 48.1 in November. This was a further improvement from the 44-month low seen in October, and pointed to the softest deterioration in operating conditions across the Lebanese private sector since April 2024.

December survey data showed activity

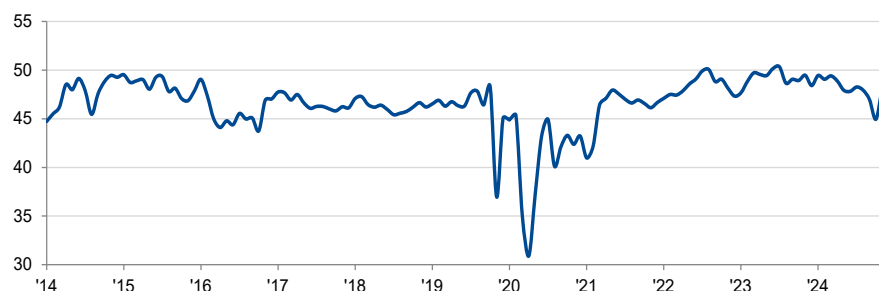
levels across Lebanon's private sector economy falling, although the pace of decline cooled to the softest seen since March 2024. This trend was likewise seen in total new orders, which posted the smallest decrease in nine months at the end of the year. In both cases, readings on their respective indices were considerably stronger than in October of last year, following the escalation of the conflict between Hezbollah and Israel.

The decline in new export business also cooled sharply during the latest survey period, with the contraction the slowest for ten months. This therefore signalled a marked easing of the contraction in international client demand.

Amid signs of recovering sales conditions, private sector companies in Lebanon made only marginal cutbacks to their purchasing activity in December. Stocks of inputs were unchanged on the month, showing stable inventory levels. In fact, anecdotal evidence suggested that some companies boosted their holdings to accommodate for stronger demand.

BLOM Lebanon PMI

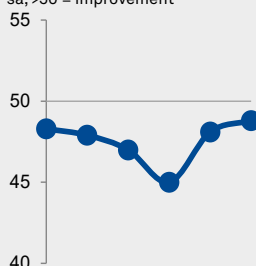
sa, >50 = improvement since previous month



48.8

LEBANON PMI
DEC '24

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



The employment situation in Lebanon also showed stability during the latest survey period as private sector staffing capacity posted broadly no change in December. In turn, firms' labour costs held steady.

Nevertheless, cost pressures from purchasing prices persisted, according to the latest data. Increases in supplier charges were reported by panel members. However, the rate at which input costs rose was the slowest for three months.

Private sector businesses in Lebanon continued to share the burden of higher operating expenses with their clients, lifting their prices charged in December. In line with the trend in

costs, the rate of output price inflation eased to a three-month low.

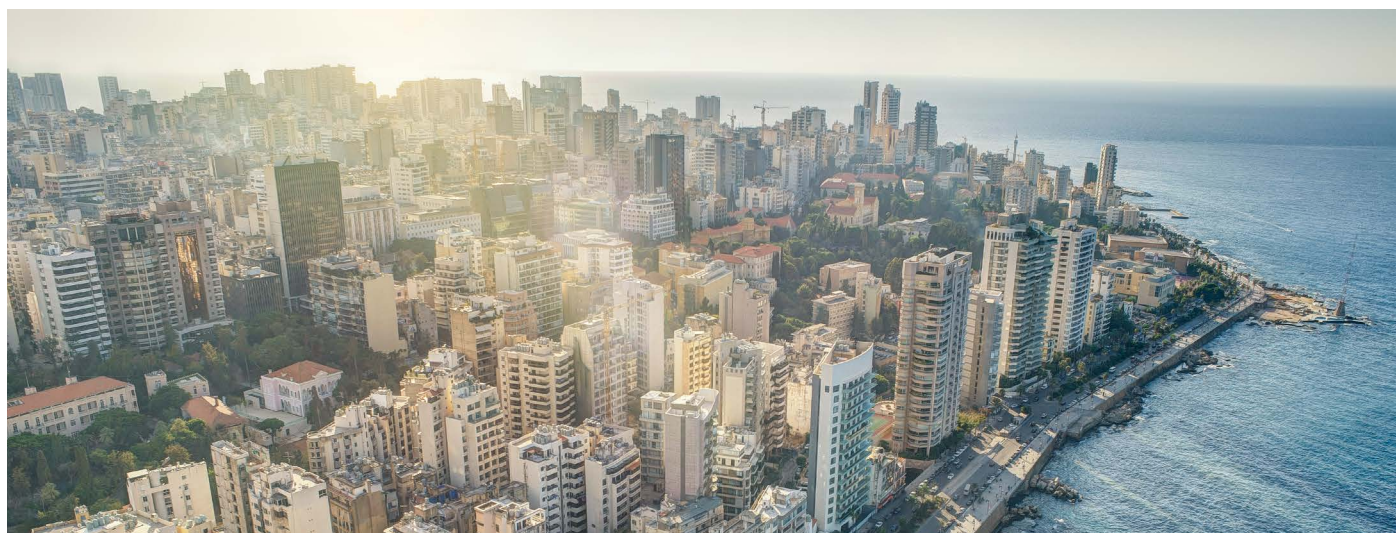
Lastly, a key finding from December's survey was a surge in business confidence. The Future Activity Index soared to a survey record and signalled a robust level of optimism towards the 12-month outlook for output. The Israel-Hezbollah ceasefire was commonly cited a reason to be positive, according to qualitative data from respondents.

Comment

Commenting on the December 2024 BLOM Lebanon PMI, Helmi Mrad, Research Analyst, at BLOMINVEST BANK said:

"The BLOM Lebanon PMI for December 2024 improved for the second month in a row from the 44-month low in October (45.0) to record 48.8, as slower declines in new orders and new export orders resulted in a softer output contraction. It is interesting to note that the surveyed companies were optimistic regarding the 12-month outlook, with the Future Output Index recording an all-time high of 61.8. This optimism is due to the ceasefire

agreement between Hezbollah and Israel, but hopes of having a new president in the presidential elections that will be held on January 9th, 2025 is also likely a factor. Hopefully, this will be followed by the formation of a new government that will implement much-needed reforms to attract more domestic and foreign investments. Also, encouraging is that the latest World Bank report revealed lower losses in economic activity (\$4.2 billion) due to war than previously forecasted."



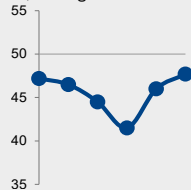
PMI®

by **S&P Global**

Output and demand

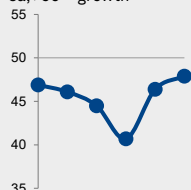
Output Index

Jul - Dec '24
sa, >50 = growth



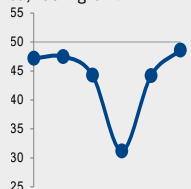
New Orders Index

Jul - Dec '24
sa, >50 = growth



New Export Orders Index

Jul - Dec '24
sa, >50 = growth



Output

The seasonally adjusted Output Index continued to recover from the 44-month low seen in October 2024, rising to its highest level in nine months during the final month of the year. Overall, the latest survey data signalled a fall in private sector business activity across Lebanon, albeit one that was the softest since March 2024. Some companies cited limited commercial activity, although there were reports of improved demand in some sectors.

New orders

In a similar vein to the output indicator, the seasonally adjusted New Orders Index continued its ascent from the recent low seen towards the end of last year, rising to a nine-month high in the final survey month of 2024. Overall, the latest data signalled a modest but slower decline in new business intakes at private sector companies in Lebanon.

New export orders

A marked month-on-month uplift in the seasonally adjusted New Export Orders Index brought it closer to the stabilisation mark of 50.0 in December, and well above the multi-year low seen in October 2024. The latest survey results pointed to the softest deterioration in international sales at private sector firms in Lebanon for ten months.

Output Index

sa, >50 = growth since previous month

47.7

Dec '24



New Orders Index

sa, >50 = growth since previous month

47.9

Dec '24



New Export Orders Index

sa, >50 = growth since previous month

48.6

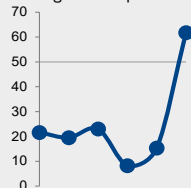
Dec '24



Business expectations

Future Output Index

Jul - Dec '24
>50 = growth expected



December PMI data revealed a considerable improvement in private sector business sentiment across Lebanon at the end of 2024. The Future Output Index surged by over 46 points to register its highest ever reading. Additionally, the indicator recorded well above the neutral 50.0 threshold and therefore pointed to positive growth expectations for the year ahead. Survey respondents cited the Israel-Hezbollah ceasefire as a key reason for their renewed optimism.

Future Output Index

>50 = growth expected over next 12 months

61.8

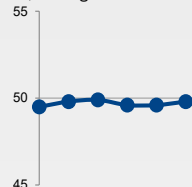
Dec '24



Employment and capacity

Employment Index

Jul - Dec '24
sa, >50 = growth



Employment

The latest PMI survey data from BLOM showed broadly stable employment levels across Lebanon's private sector during the final month of 2024. This was evidenced by the respective seasonally adjusted index posting close to the 50.0 no-change mark. Furthermore, this was in line with the trend seen over the past four-and-a-half years (on average).

Employment Index

sa, >50 = growth since previous month

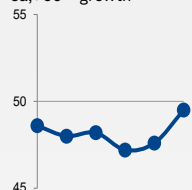
49.8

Dec '24



Backlogs of Work Index

Jul - Dec '24
sa, >50 = growth



Backlogs of work

Although backlogs of work continued to fall across Lebanon's private sector in December, they did so to an extent which was only marginal overall and the softest in eight months. Some companies noted that an uptick in new business inflows had generated pressure on their operating capacity, limiting the speed at which they could clear outstanding orders.

Backlogs of Work Index

sa, >50 = growth since previous month

49.5

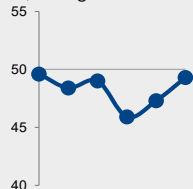
Dec '24



Purchasing and inventories

Quantity of Purchases Index

Jul - Dec '24
sa, >50 = growth



Quantity of purchases

Purchasing activity by private sector businesses in Lebanon fell during the latest survey period, marking a sixth straight month of decline. That said, the pace of contraction slowed once again and was both only marginal overall and the weakest since July 2024. Some panellists reportedly lifted their spending in anticipation of greater demand.

Quantity of Purchases Index

sa, >50 = growth since previous month

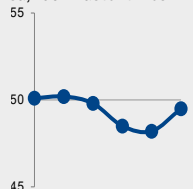
49.3

Dec '24



Suppliers' Delivery Times Index

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



Suppliers' delivery times

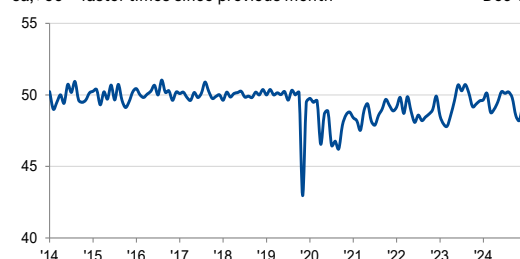
There was a further deterioration in vendor performance at the end of last year. This was evidenced by the seasonally adjusted Suppliers' Delivery Times Index posting below the 50.0 no-change mark. Although, the extent to which average lead times lengthened was the least marked in three months.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

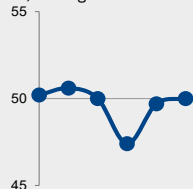
49.5

Dec '24



Stocks of Purchases Index

Jul - Dec '24
sa, >50 = growth



Stocks of purchases

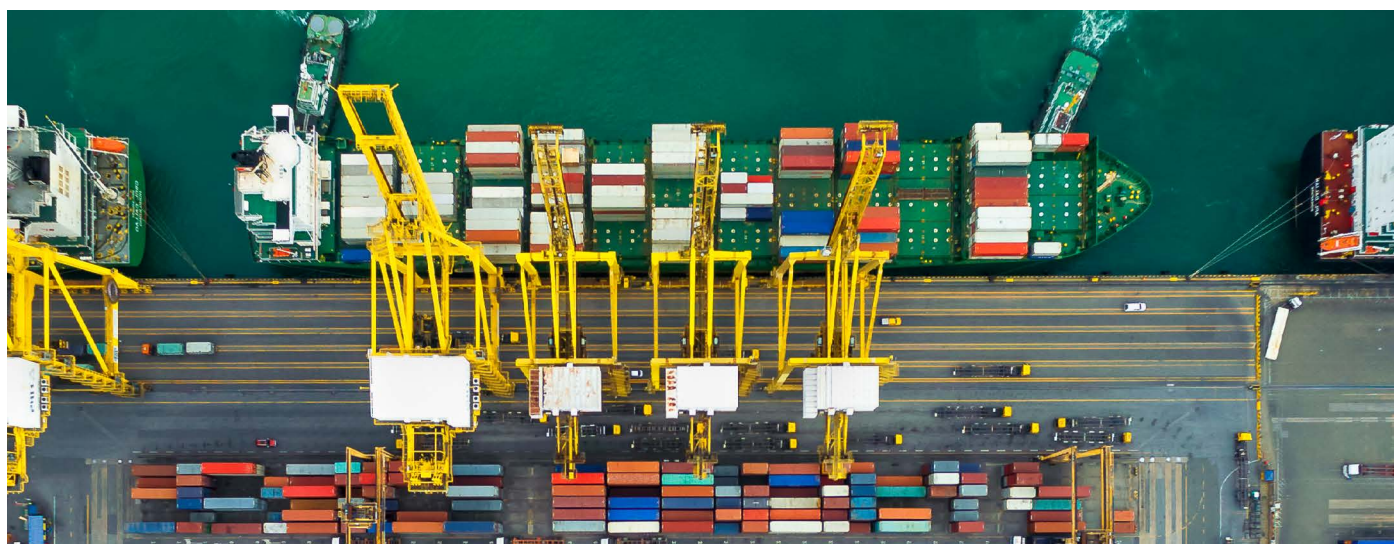
Registering precisely 50.0, the seasonally adjusted Stocks of Purchases Index indicated no change to company inventory levels across the Lebanese private sector in December 2024. This contrasted with depletions in the two prior months.

Stocks of Purchases Index

sa, >50 = growth since previous month

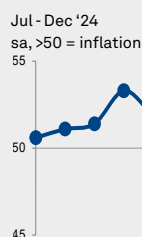
50.0

Dec '24



Prices

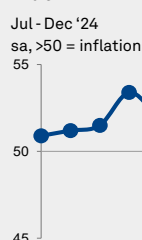
Input Prices Index



Overall input prices

Private sector companies in Lebanon recorded higher operating expenses during the latest survey period. December's uptick stemmed from purchasing costs, underlying data showed. Although, the rate of increase in total input prices was the softest in three months and weaker than its long-term average.

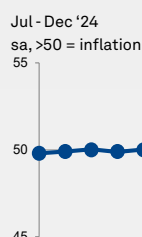
Purchase Prices Index



Purchase prices

Amid reports of increased charges from suppliers, the latest survey data revealed a further monthly increase in purchase prices faced by private sector companies in December. That said, the rate of inflation cooled to a three-month low, with just 2% of companies recording greater costs for purchased items.

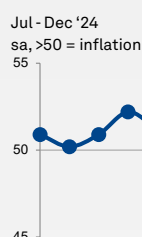
Staff Costs Index



Staff costs

Adjusted for the influence of seasonal factors, the Staff Costs Index remained at the 50.0 value during the final month of 2024. This was in line with November and therefore indicated no change in labour expenses at private sector companies in Lebanon.

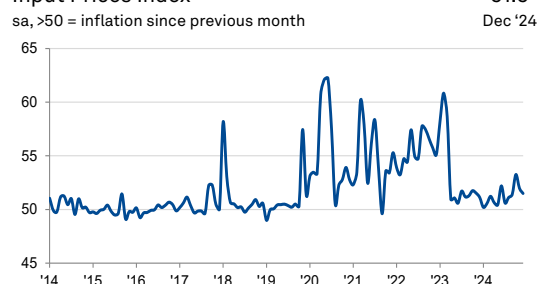
Output Prices Index



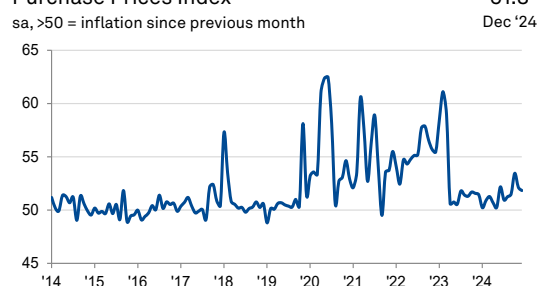
Output prices

As has been the case since June 2024, private sector businesses in Lebanon raised their prices charged at the end of the year. Where higher selling fees were recorded (just under 2% of panel members), this reportedly reflected increased operating costs. However, the extent to which output charges rose was the softest for three months.

Input Prices Index



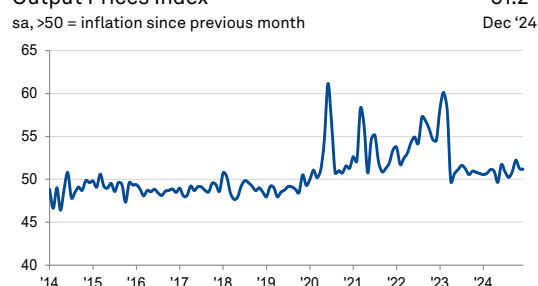
Purchase Prices Index



Staff Costs Index



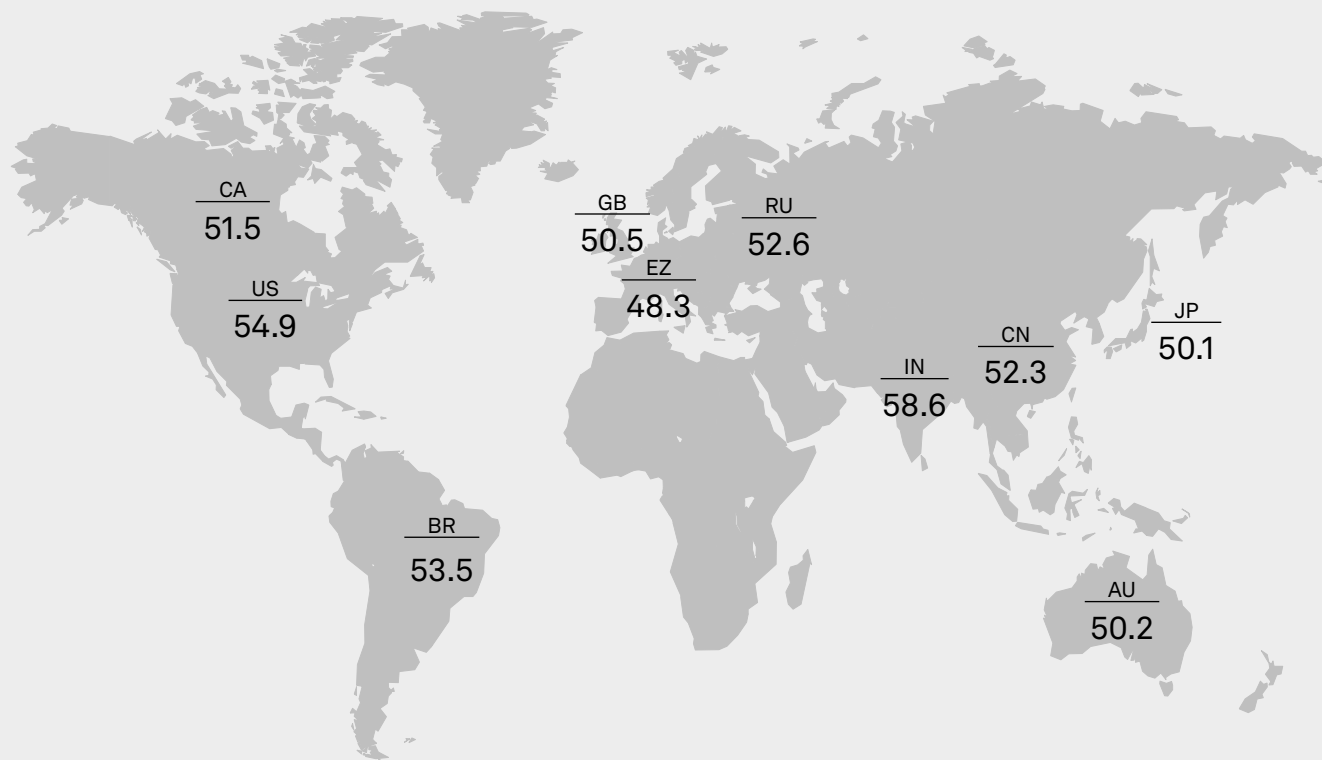
Output Prices Index



International PMI

Composite Output Index, Nov '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.

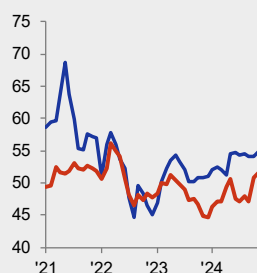


Composite Output Index

■ USA

■ Canada

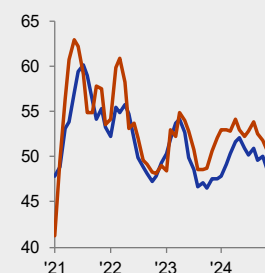
sa, >50 = growth



■ Eurozone

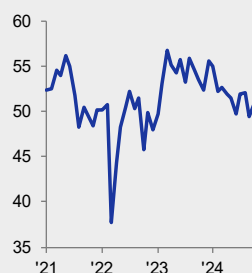
■ UK

sa, >50 = growth



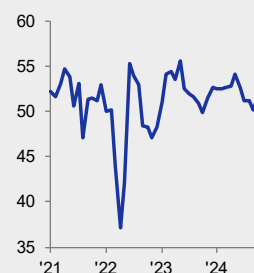
■ Russia

sa, >50 = growth



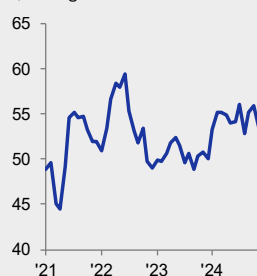
■ China

sa, >50 = growth



■ Brazil

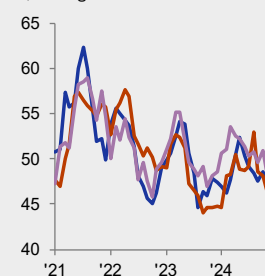
sa, >50 = growth



■ Germany ■ Italy

■ France

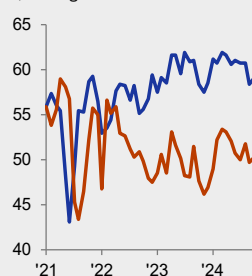
sa, >50 = growth



■ India

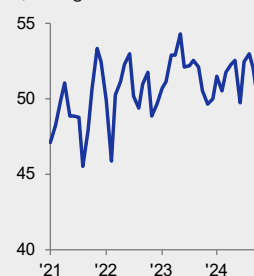
■ Australia

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 05-17 December 2024.

Survey questions

Private sector

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

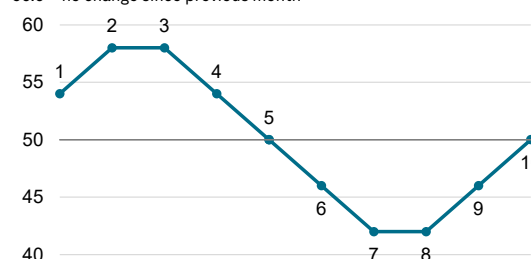
Suppliers' Delivery Times
Stocks Of Purchases
Input Prices
Purchase Prices
Staff Costs
Output Prices

Index calculation

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

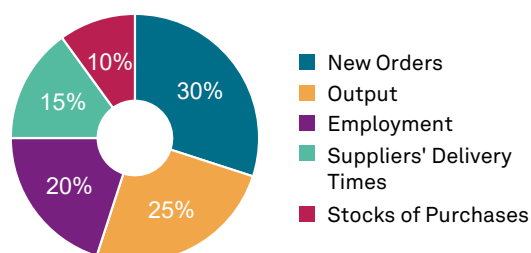
Index interpretation

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
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
12 '24	48.8	47.7	47.9	48.6	61.8	49.8	49.5	49.3	49.5	50.0	51.5	51.8	50.0	51.2

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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

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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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