

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 09:00 (UTC), January 7th 2025

Data collected December 5-17

BLOM Lebanon PMI®

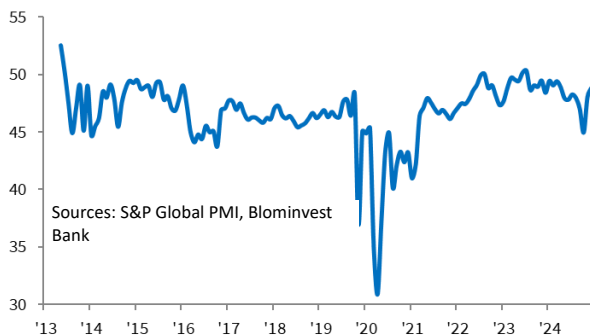
BLOM Lebanon PMI recovers further in December

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

sa, >50 = improvement since previous month



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.

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."

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

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.

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.

-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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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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