

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

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Data collected May 12-23

BLOM Lebanon PMI®

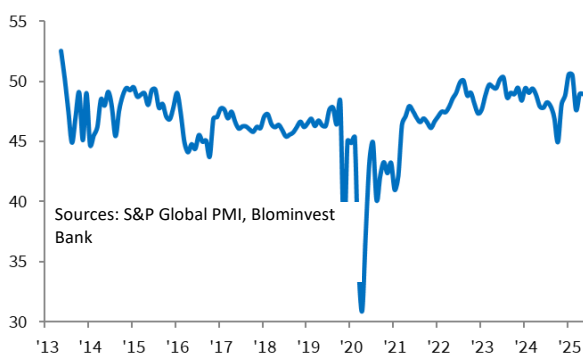
PMI signals further deterioration in private sector conditions but confidence improves

Businesses anticipate higher activity in the coming year

Output and new orders decline modestly again

Employment levels stable

sa, >50 = improvement since previous month



Lebanon's private sector economy registered a slight deterioration midway through the second quarter, according to the latest BLOM PMI® survey data, although business confidence improved solidly. Despite further modest declines in output and new orders, employment levels held steady. Export demand was a drag on total sales, with instability across the Middle East acting as a headwind.

The headline BLOM Lebanon PMI® recorded below the 50.0 no-change mark in May, signalling a decline in private sector operating conditions compared to the previous month. At 48.9, the headline index was little changed from 49.0 in April, signalling a modest deterioration in the health of the Lebanese private sector economy.

Commenting on the May 2025 BLOM Lebanon PMI, Mira Said, Senior Research Analyst at BLOM BANK said:

"For the third consecutive month, the BLOM Lebanon PMI signalled contraction, slipping slightly from 49.0 in April to 48.9 in May. The downturn reflected weak demand and higher shipping costs, weighing on output and orders. Political uncertainty remains elevated domestically and regionally. The U.S. urges faster progress on disarmament—despite Lebanon's move to disarm Palestinian refugee camps, seen as a potential stepping stone to addressing the all-important Hezbollah's arsenal. The Gaza war also shows no sign of ending soon. As such, the economy seems to be stuck in limbo, with the momentum witnessed at the beginning of the year dwindling away. On a more positive note, business sentiment improved in May, driven by hopes of political stability, revived GCC tourism, and renewed Arab investment."

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

As was the case in both March and April, business activity decreased across Lebanon during the latest survey period, extending the current period of contraction to three months. Where a reduction was reported, firms mentioned weak customer demand. That said, the extent of the latest drop was relatively mild.

May survey data indicated a deterioration in demand conditions faced by Lebanese private sector companies. Tepid market conditions and weak customer purchasing power weighed on sales performances, anecdotal evidence suggested.

Exports were the primary drag on overall new business volumes, underlying data suggested, with the

contraction in new international sales outstripping that seen for total new orders. Moreover, the rate of decline in foreign client demand quickened on the month. Unstable conditions across the Middle East hindered sales to non-domestic markets, according to panel member reports.

Lebanese firms trimmed their purchases of inputs midway through the second quarter of the year. In fact, the rate of decline accelerated to the quickest for six months, although it was only marginal overall. Despite fewer orders being placed with vendors, suppliers' delivery times lengthened in May.

There was a slight intensification of input price pressures during the latest survey period, primarily as a consequence of increased purchasing costs. Firms noted greater fees for imported items. Output charges subsequently rose as companies attempted to offset the impact of greater costs on their margins. In both cases, rates of inflation were modest.

Nevertheless, the latest PMI data showed efforts were made by firms to make cost savings. Stocks of purchases decreased for a second successive month as some respondents sought to free up cashflow, although the depletion softened.

Employment levels were broadly stable midway through the second quarter. There was evidence of a pick-up in capacity pressures as backlogs of work rose for the first time in three months. The rate of accumulation was marginal, however.

Looking ahead, private sector companies in Lebanon reported a positive year-ahead outlook for activity. This marked an improvement from April, when firms were slightly downbeat, on balance. Anecdotal evidence highlighted positive sentiment surrounding the domestic political environment, in addition to hopes of greater inbound tourism and investment.

-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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