

News Release

Purchasing Managers' Index[™] MARKET SENSITIVE INFORMATION

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Data collected June 12-24

BLOM Lebanon PMI[®]

Deterioration in private sector conditions eases, but sentiment drops sharply

Activity levels fall at slowest pace in four months

Input prices rise solidly amid higher purchase costs

Sentiment towards the outlook sinks to seven-month low

sa, >50 = improvement since previous month



Lebanon's private sector economy remained in contraction at the end of the second quarter, according to the latest BLOM PMI[®] survey data, although the pace of decline softened slightly from May. Output levels fell to a lesser extent despite a further downturn in sales, while employment and inventories were both relatively steady. However, concerns about the escalation of regional tensions led to a significant decline in business confidence and contributed to a sharper increase in purchasing costs.

The headline BLOM Lebanon PMI[®] registered below the 50.0 no-change mark for the fourth consecutive month in June, indicating a further decline in private sector operating conditions. However, the index was up slightly from 48.9 in May to 49.2 in June, signalling a slight moderation in the rate of deterioration.

Commenting on the June 2025 BLOM Lebanon PMI, Dr. Fadi Osseiran, General Manager of BLOMinvest BANK said:

"BLOM Lebanon PMI rose to 49.2 in June from 48.9 in May, a small improvement, but signalling a deterioration in private sector business activity for the fourth consecutive month. The escalation of the war between Iran and Israel resulted in weaker customer sales and client cancellations, leading to a drop in business activity. Moreover, purchase prices incurred by companies surged at the fastest pace in eight months, and these increases were passed to their clients. What is unfortunate is the sharp drop in the Future Output Index, revealing pessimism at private sector companies regarding future outlook, as 53% of respondents expect activity levels to diminish in the upcoming 12 months."

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

In line with the survey trend since March, business activity in the Lebanese private sector decreased in June, which panellists often attributed to weaker demand. That said, the pace of contraction eased from May and was the softest recorded in the current four-month sequence of decline.

Meanwhile, new order intakes received by Lebanese firms continued to fall, with the rate of reduction consistent with the average trend observed during the second quarter. A number of survey participants reported that heightened security risks in the region due to the conflict between Israel and Iran had led some customers to lower spending and cancel bookings. Export sales decreased moderately, albeit to a slightly lesser degree than seen in May.

Businesses also raised concerns in the latest survey (conducted between 12 and 24 June) that greater regional instability could lead to a contraction in future activity. Subsequently, overall sentiment towards the 12-month outlook for output worsened sharply from May, with firms in general predicting activity to fall. The degree of pessimism was the greatest observed since November 2024.

Lebanese firms reduced their purchases of inputs for the third month in a row in June, although the decrease was only marginal. Some reports signalled greater caution from businesses on spending and increased efforts to free up cashflow. While there was a corresponding reduction in inventories of inputs, the overall drop was fractional and the slowest for three months.

Lower demand and the cancellation of bookings helped firms to trim their outstanding business in June. Work-in-hand decreased at the quickest pace for seven months, albeit only slightly. Signs of spare capacity meant that staffing numbers stayed relatively stable.

Suppliers' delivery times lengthened for the third month running in June, and the rate of vendor deterioration was the strongest since last November. Firms that observed delays linked this to shipping disruption and bottlenecks at customs.

Input cost pressures in the Lebanese private sector intensified again in June, which participants largely attributed to greater prices paid for purchased inputs. Items such as food, energy and transport were frequently cited as rising in cost. The overall rate of inflation was the second-quickest in over two years, outpaced only by that seen in October 2024. Consequently, prices charged by companies rose at the fastest pace in four months.

-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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