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2025 was marked by a shifting global economic landscape shaped by policy adjustments, geopolitical developments, and ongoing efforts toward economic stabilization. Throughout the year, major economies navigated the effects of previous monetary tightening, with inflation easing and several central banks adopting a more cautious stance regarding interest rates. At the same time, global trade dynamics were influenced by renewed tariff discussions, particularly following policy decisions by the United States, alongside continued geopolitical tensions affecting international supply chains.

These developments had implications on both regional and domestic economic outlooks, especially in the Middle East and North Africa (MENA) region, where economic activity remained sensitive to external shocks and security concerns. Against this backdrop, this report reviews the global and regional economic situation, followed by an in-depth analysis of the Lebanese economy and the key factors that shaped its performance throughout 2025.

Global Economy

The global economy has shown resilience in 2025, despite rising trade barriers and ongoing policy uncertainty. *The International Monetary Fund (IMF) World Economic Outlook (WEO)* estimates it to have grown by 3.3% Year-over-Year (YOY) in 2025, similarly to the growth recorded in 2024. This resilience reflects front-loading of production and trade, supply-chain adjustments, rising AI investment, and accommodative fiscal and monetary measures. However, global trade growth slowed during the second half of the year. In addition, economists expect rising tariffs to gradually translate into higher prices, weighing on household consumption and business investment.

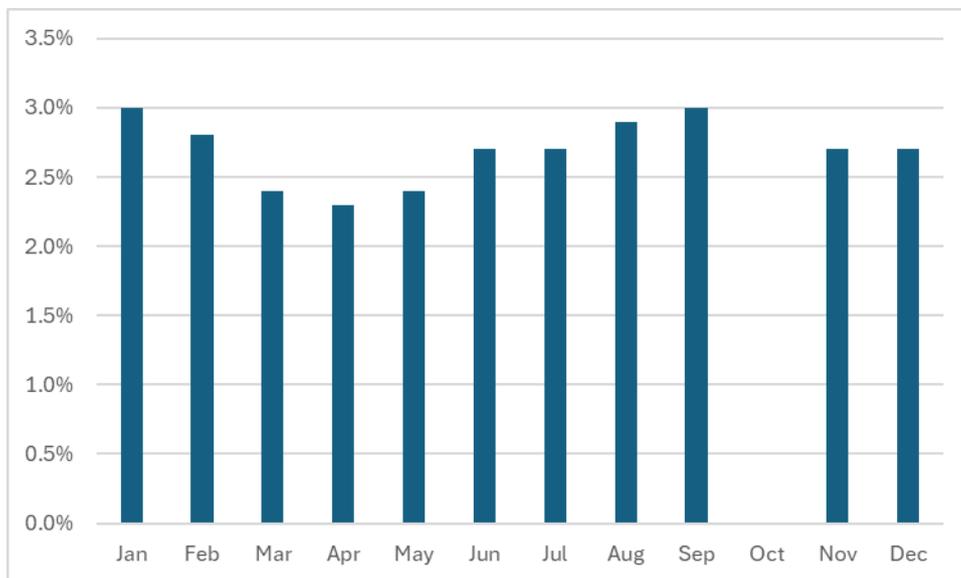
U.S. Economy

In the United States, the IMF WEO expects the GDP to have expanded by 2.1% YOY in 2025, compared to 2.8% YOY in 2024. The deceleration reflects softer employment growth, a marked slowdown in net immigration, the pass-through of tariff hikes to prices, and sizable cuts to non-defense discretionary spending.

U.S. President Donald Trump imposed a broad range of tariffs this year on numerous trading partners, arguing that these countries needed to increase their imports from the U.S. for trade to be more equitable. The move triggered widespread retaliatory tariffs and heightened concerns about inflation and slowing economic growth, as the trade measures were no longer unilateral.

To mitigate the impact on growth, President Trump sought to pressure Federal Reserve Chair Jerome Powell to accelerate interest-rate cuts—an intervention that raised concerns about the Fed’s independence and added to financial-market anxiety. The Fed did not respond to the pressure and proceeded with only three 25-basis-point cuts in 2025, bringing the federal funds rate to 3.5–3.75%. Policymakers judged that more aggressive easing risked fueling inflation given the additional cost pressures in the economy. Inflation remained relatively contained in 2025, averaging 2.7%.

Figure 1: U.S. CPI in 2025



Sources: LSEG, BLOMINVEST Bank

October inflation data were not released due to a federal government shutdown that lasted from October 1 to November 12, 2025, following a prolonged budget negotiation deadlock between the White House and Congress over funding levels and healthcare aid programs.

Euro Area Economy

Across the Atlantic, the euro area grew by 1.4% YOY in 2025, up from 0.9% in 2024, as per the IMF WEO. This growth was supported by a surge in exports ahead of expected tariff increases and stronger-than-anticipated investment—particularly in Ireland. However, the delayed impact of earlier monetary tightening, persistent trade policy uncertainty, existing tariffs, and supply-chain disruptions are weighing on EU exports and productivity, while geopolitical tensions—including Russia’s ongoing war against Ukraine—continue to constrain growth in neighbouring economies.

With inflation falling to below the ECB’s 2% medium-term target in May 2025, the ECB initiated rate cuts in 2025, lowering policy rates three times by 25 basis points each, bringing them into 2%.

Figure 3: Euro Area CPI in 2025



Sources: LSEG, BLOMINVEST Bank

Asian Economy

In emerging and developing Asia, the economy expanded by 5.4% YOY in 2025, broadly in line with the 5.3% growth recorded in 2024, as per the IMF WEO. This strong performance reflects a more limited and delayed impact from rising global trade barriers and related uncertainty. In China, fiscal stimulus – particularly consumer subsidies – helped cushion the slowdown by supporting household spending. Export growth remained strong as firm’s front-loaded shipments ahead of new tariff implementation and redirected sales toward non-U.S. markets. However, investment growth weakened further due to a continued contraction in real estate activity, with both property sales and prices declining.

Inflation moderated across most economies, generally falling within or below central bank target ranges, allowing monetary policy to remain accommodative. In China, headline inflation stayed subdued as declines in food and energy prices outweighed a rise in core inflation, which primarily resulted from higher goods prices lifted by government stimulus. Financial conditions, which had tightened sharply following the tariff announcements in April, eased in the second half of the year, helped by a weaker U.S. dollar.

MENA Economy

In the MENA region, the economy expanded by 3.4% YOY in 2025, compared to 2.2% in 2024, as per the IMF WEO. In details, the economic performance varied widely, ranging from a 1.5% contraction in Yemen to a strong 13.3% expansion in Libya, as per the World Bank (WB). Geopolitical tensions remained elevated, with acute humanitarian needs in Gaza driven by restricted access and severe food insecurity, while reduced foreign assistance further strained health systems in Yemen.

Despite these challenges, regional activity strengthened overall, supported by rising oil production among exporters – where output in major producers increased faster than initially signaled in early 2025 – and resilient non-oil growth in GCC economies.

Oil-importing countries also saw firmer activity, underpinned by stronger private-sector demand, helped by the easing of import and foreign-exchange restrictions in Egypt, and improved agricultural output in Morocco and Tunisia following favorable weather conditions.

Figure 4: Overview of the WB Projections for the MENA Region

(Real GDP growth at market prices in percent, unless indicated otherwise)

	2023	2024	2025e	2026f	2027f
Calendar year basis					
Algeria	4.1	3.7	3.8	3.5	3.3
Bahrain	3.9	3.1	3.5	3.1	2.9
Iraq ¹	0.5	-1.5	-0.9	6.5	3.8
Jordan	2.9	2.5	2.7	2.8	2.8
Kuwait	-3.6	-2.9	2.7	2.6	2.5
Lebanon ^{2 3}	-0.8	-7.1	3.5	4.0	..
Libya	10.2	1.9	13.3	3.5	3.9
Morocco	3.7	3.8	5.0	4.4	4.4
Oman	1.2	1.7	3.1	3.6	4.0
Qatar	1.5	2.4	2.8	5.3	6.8
Saudi Arabia	0.5	2.7	3.8	4.3	4.4
Syrian Arab Republic ²	-1.2	-1.5	1.0
Tunisia	0.2	1.6	2.6	2.5	2.2
United Arab Emirates	2.9	3.9	4.8	5.0	5.1
West Bank and Gaza	-4.6	-26.6	3.9	5.1	11.6
Yemen, Rep. ²	-2.0	-1.5	-1.5	0.0	..
Fiscal year basis⁴					
	2022/23	2023/24	2024/25e	2025/26f	2026/27f
Egypt, Arab Rep.	3.8	2.4	4.4	4.3	4.8

Sources: World Bank; BLOMINVEST Bank

Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information and changing global circumstances. Consequently, projections presented here may differ from those in other World Bank documents, even if basic assessments of economies' prospects do not significantly differ at any given moment in time.

1. Data are reported on a factor cost basis.
2. Forecasts for Lebanon (beyond 2026), the Syrian Arab Republic (beyond 2025), and the Republic of Yemen (beyond 2026) are excluded because of a high degree of uncertainty.
3. Forecast for 2026 was not included in the June 2025 edition of the *Global Economic Prospects* report, and therefore the difference from the June 2025 projection is not computed.
4. Fiscal year runs from July 1 to June 30 in the Arab Republic of Egypt.

Figure 5: Overview of the IMF WEO Projections
(Percent change, unless noted otherwise)

	Year over Year				Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 24/November 18, 2025. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. "..." indicates that data are not available or not applicable. WEO = <i>World Economic Outlook</i> .
	Estimate	Projections			
	2024	2025	2026	2027	
World Output	3.3	3.3	3.3	3.2	
Advanced Economies	1.8	1.7	1.8	1.7	
United States	2.8	2.1	2.4	2.0	
Euro Area 3/	0.9	1.4	1.3	1.4	
Germany	-0.5	0.2	1.1	1.5	
France	1.1	0.8	1.0	1.2	
Italy	0.7	0.5	0.7	0.7	
Spain	3.5	2.9	2.3	1.9	
Japan	-0.2	1.1	0.7	0.6	
United Kingdom	1.1	1.4	1.3	1.5	
Canada	2.0	1.6	1.6	1.9	
Other Advanced Economies 4/	2.3	1.8	2.0	2.1	
Emerging Market and Developing Economies	4.3	4.4	4.2	4.1	
Emerging and Developing Asia	5.3	5.4	5.0	4.8	
China	5.0	5.0	4.5	4.0	
India 5/	6.5	7.3	6.4	6.4	
Emerging and Developing Europe	3.5	2.0	2.3	2.4	
Russia	4.3	0.6	0.8	1.0	
Latin America and the Caribbean	2.4	2.4	2.2	2.7	
Brazil	3.4	2.5	1.6	2.3	
Mexico	1.4	0.6	1.5	2.1	
Middle East and Central Asia	2.7	3.7	3.9	4.0	
Saudi Arabia	2.6	4.3	4.5	3.6	
Sub-Saharan Africa	4.1	4.4	4.6	4.6	
Nigeria	4.1	4.2	4.4	4.1	
South Africa	0.5	1.3	1.4	1.5	
Memorandum					
World Growth Based on Market Exchange Rates	2.8	2.8	2.8	2.6	
European Union	1.2	1.5	1.5	1.6	
ASEAN-5 6/	4.6	4.2	4.2	4.4	
Middle East and North Africa	2.2	3.4	3.9	4.0	
Emerging Market and Middle-Income Economies	4.4	4.3	4.1	4.1	
Low-Income Developing Countries	4.2	4.6	5.1	5.1	
World Trade Volume (goods and services) 7/	3.6	4.1	2.6	3.1	
Advanced Economies	2.0	3.0	1.9	2.4	
Emerging Market and Developing Economies	6.3	5.7	3.6	4.4	
Commodity Prices					
Oil 8/	-1.8	-14.2	-8.5	0.1	
Nonfuel (average based on world commodity import weights)	3.7	9.4	7.5	0.9	
World Consumer Prices 9/	5.8	4.1	3.8	3.4	
Advanced Economies 10/	2.6	2.5	2.2	2.1	
Emerging Market and Developing Economies 9/	7.9	5.2	4.8	4.3	

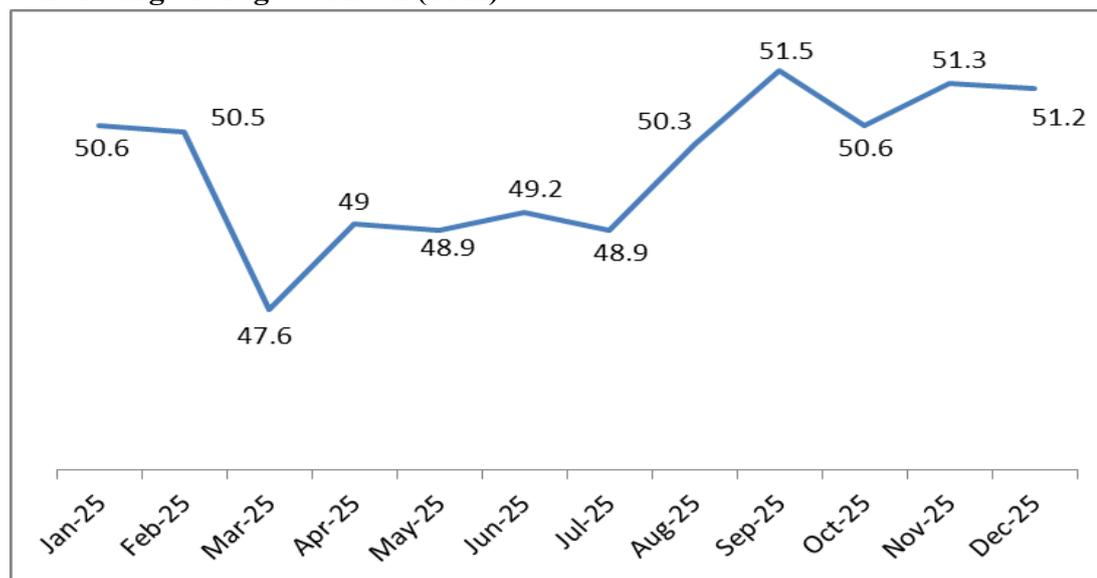
 Source: [IMF WEO, January 2026 Edition](#)

Lebanese Economy

In 2025, the Lebanese economy showed tentative signs of stabilization following years of severe economic and financial distress. The year was marked by a relative improvement in political conditions with the election of a new President and the formation of a government, which helped restore a degree of confidence both domestically and internationally. This political shift was accompanied by renewed engagement with international institutions and growing expectations surrounding the implementation of long-awaited reforms, contributing to a more optimistic outlook compared to previous years. Though GDP figures by the Central Administration of Statistics were not published for 2024 and 2025, World Bank figures put the GDP at \$30.5 billion with an annual growth rate of 3.5% – though, most likely, this is widely considered an underestimate.

Nevertheless, the recovery remained fragile and uneven. While certain sectors experienced noticeable improvement, the economy continued to face structural challenges, including weak financial intermediation, limited investment, and ongoing exposure to regional geopolitical tensions. As such, 2025 reflected a transitional year, where early signs of recovery began to emerge without yet translating into broad-based economic stability.

Purchasing Managers’ Index (PMI)



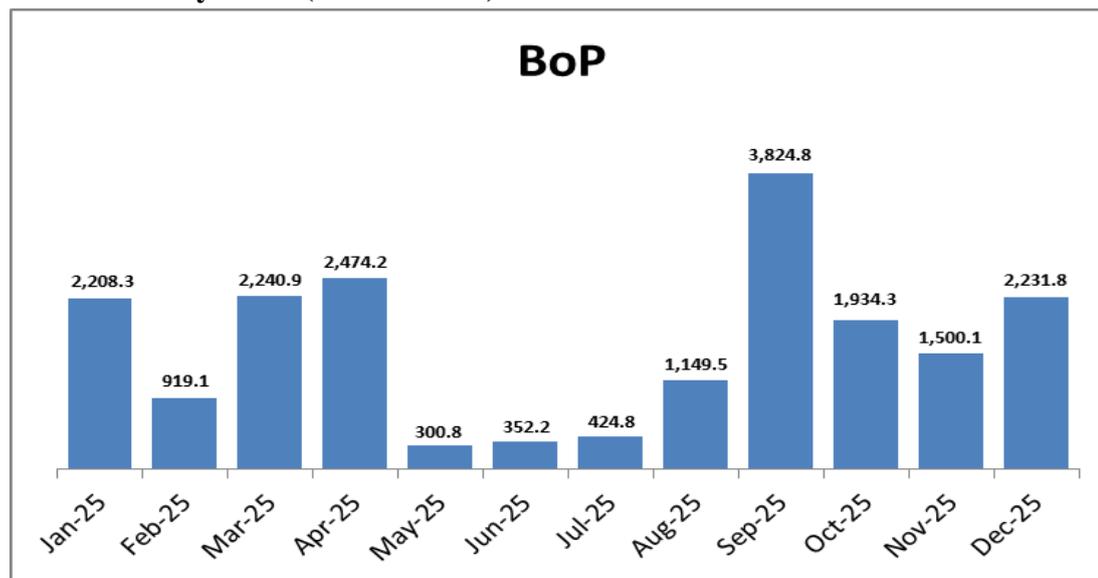
Lebanon’s PMI increased by 4.92% in 2025, signaling a gradual improvement in private sector activity. The index remained below the 50 threshold during the first half of the year, reflecting continued contraction as businesses operated under cautious conditions amid lingering uncertainty and slow reform progress.

However, starting August, the PMI moved into expansion territory and maintained this trend through the remainder of the year. This shift can be largely attributed to improved political sentiment following the formation of a new government, which helped ease uncertainty and support business expectations.

In addition, relative exchange rate stability contributed to better cost predictability for firms, allowing for a modest recovery in output and new orders.

Despite this improvement, the recovery in private sector activity remained moderate, indicating that businesses continue to operate in a fragile environment, highly sensitive to both domestic political developments and external risks.

Balance of Payments (Million USD)



Lebanon’s Balance of Payments, as changes in the overall NFA of the banking system, recorded a significant surplus in 2025, increasing by 204% compared to the previous year. This improvement reflects stronger foreign currency inflows and a relative easing of external pressures, supported by improved sentiment and increased financial inflows throughout the year. The sharp rise observed in September suggests a concentration of inflows during periods of stronger economic activity, highlighting the economy’s continued reliance on episodic external support.

Moreover, a note on the current account of the balance of payments, which’s latest data are for September 2025. In this respect, the current account deficit increased from \$5,510.2 million in September 2024 to \$7,005.8 million in September 2025, or a rise of 27.15%. Of course, an important part of the current account, besides the trade account, is labor remittances. Over the same period, net labor remittances (inflow minus outflow) decreased from \$4,857.8 million to \$4,719.7 million, or a fall of 2.85%.

As such, while the overall Balance of Payments improved, the widening current account deficit and slight decline in remittances highlight underlying structural imbalances, particularly Lebanon’s continued dependence on external financing rather than productive export growth. This improvement in external balances was also supported by increased official financing and international support during the year.

Trade

Indicators	YTD Dec 2025	YTD Dec 2024	YTD YoY Change
Exports	3,639	2,707	34.43%
Imports	21,076	16,902	24.70%
Trade Balance	-17,437	-14,195	22.84%

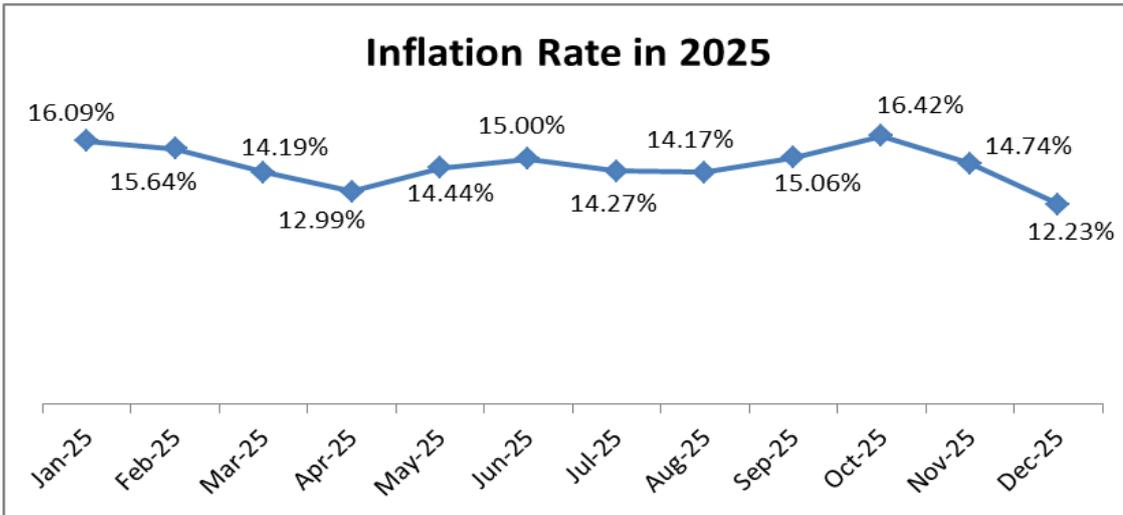
Furthermore, the trade deficit increased by 22.84% year-over-year (YoY) to reach \$17.44B by December 2025, driven by a 24.70% YoY (\$21,076 million) surge in imports despite a 34.43% YoY (\$3,639 million) rise in exports.

The widening deficit reflects persistent regional and geopolitical pressures. Ongoing tensions along the southern border disrupted economic activity and logistics, weighing on trade flows and investor confidence. At the same time, shifting regional dynamics – including stronger trade movement through Syria and alternative transit routes – reduced Lebanon’s role as a regional trade and re-export hub. Continued political uncertainty and the lack of structural reforms further constrained productivity and external competitiveness, deepening the external imbalance.

The top three import destinations in 2025 were China, Switzerland, and the United Arab Emirates, accounting for 11.73%, 9.34%, and 8.07% of total imports, respectively. Key imported products included mineral products (22.94%) at \$4,834 million, followed by pearls, precious stones, and metals (18.77%) at \$3,957 million, and chemical products (8.06%) at \$1,699 million. The relatively high share of pearls, precious stones, and metals is partly linked to increased gold-related transactions, with the gold account rising by 67.51% YoY in 2025, reflecting stronger demand for gold as a safe-haven and store of value.

On the exports side, the top destinations were Switzerland, the United Arab Emirates (UAE), and the Syrian Arab Republic, capturing 21.54%, 15.17%, and 4.67% of exports, respectively. Exports were led by pearls, precious stones, and metals (34.30%) at \$1,248 million, followed by base metals (14.56%) at \$530 million, and prepared foodstuffs, beverages, and tobacco (12.26%) at \$446 million.

Inflation (CPI)

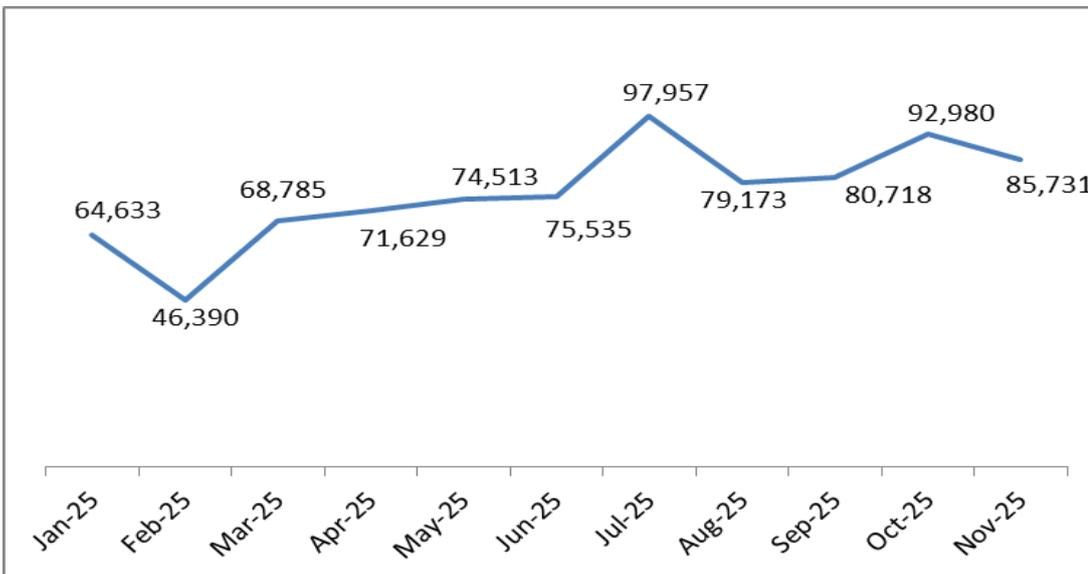


Inflation declined by 32.51% in 2025, reflecting a continued easing compared to the elevated levels observed in previous years. This moderation is primarily attributed to the relative stability of the exchange rate and the widespread adoption of dollarization across economic transactions, which helped contain price volatility.

Throughout the year, inflation remained within a relatively stable range, with minor fluctuations linked to changes in demand and cost conditions. The slight uptick observed in the last quarter may reflect seasonal pressures and adjustments in pricing, yet overall inflation dynamics indicate a transition toward greater monetary stability.

Nevertheless, despite this decline, price levels remain high in absolute terms, continuing to affect household purchasing power and limiting broader economic recovery.

Port of Beirut (TEU)

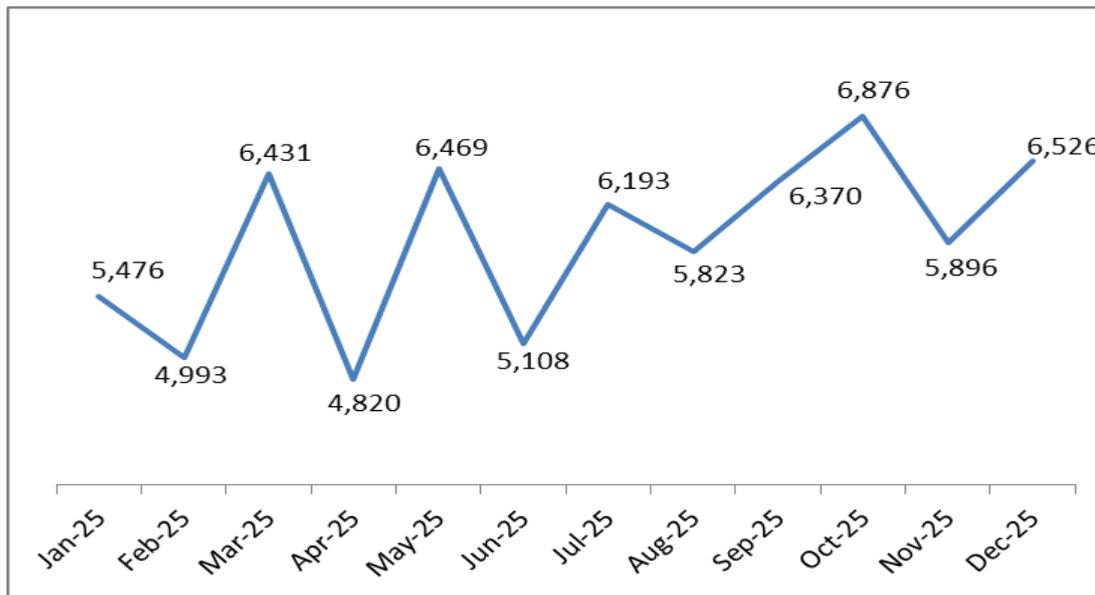


In line with improving trade dynamics, container activity at the Port of Beirut increased in 2025, with total container activity rising by 11.29% annually by November 2025 to reach 842,188 TEU compared to 756,737 TEU in 2024. This growth was mainly driven by an increase in local container activity, which rose by 14.13% to 635,241 TEU, reflecting stronger import demand and a gradual recovery in domestic consumption.

On the other hand, transshipment activity recorded a more modest increase of 3.40%, reaching 206,947 TEU in 2025 compared to 200,134 TEU in the previous year, indicating that Lebanon’s role as a regional transit hub remains limited.

On a monthly basis, container activity showed an upward trend during mid-year, with peaks reflecting stronger economic momentum, before stabilizing toward the end of the year, reaching 85,731 TEU by November 2025. Overall, the improvement in port activity highlights a gradual normalization in trade flows, although it remains largely driven by imports rather than a structural strengthening of export capacity.

Real Estate Transactions

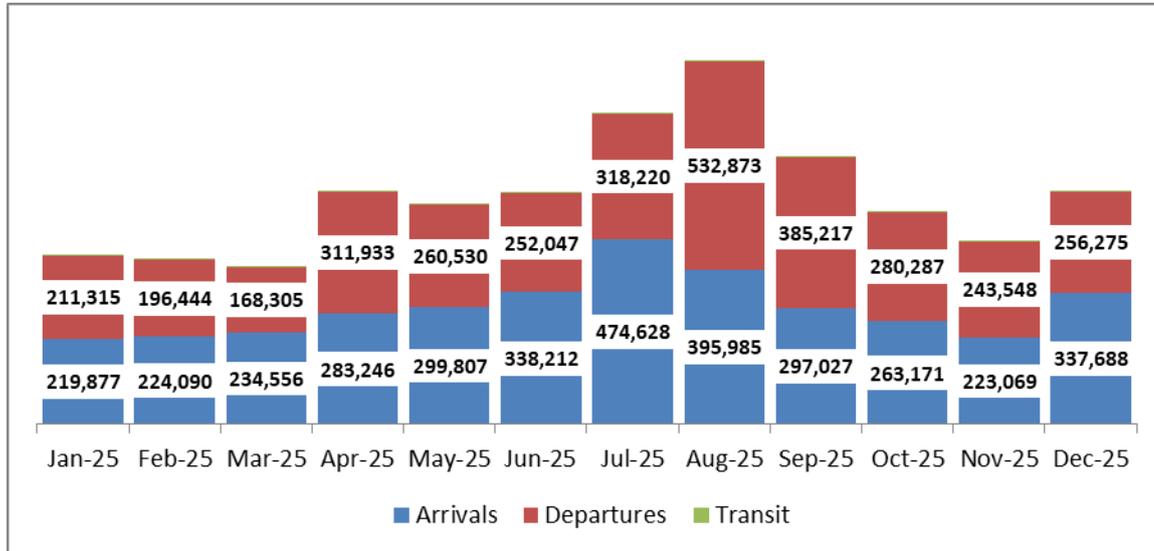


According to the General Directorate of Land Registry and Cadastre (LRC), the cumulative number of real estate (RE) transactions reached 70,981, valued at \$6.2B by December 2025. Real estate transactions reached 6,526 deals in December 2025, valued at \$629.1M. This marks a 50.86% annual increase. Beirut captured the largest share of transaction value at 27.45% (\$172.7M), followed by Metn with 19.17% (\$120.6M).

This increase in real estate transactions is mainly attributed to relative exchange rate stability and sustained demand for property as a safe investment amid ongoing dollarization, supported by

expatriate and cash buyers. In addition, limited investment alternatives and continued constraints in the banking sector redirected funds toward real estate. However, the sector remains heavily reliant on cash transactions, indicating that growth is driven more by liquidity inflows than by sustainable financing mechanisms.

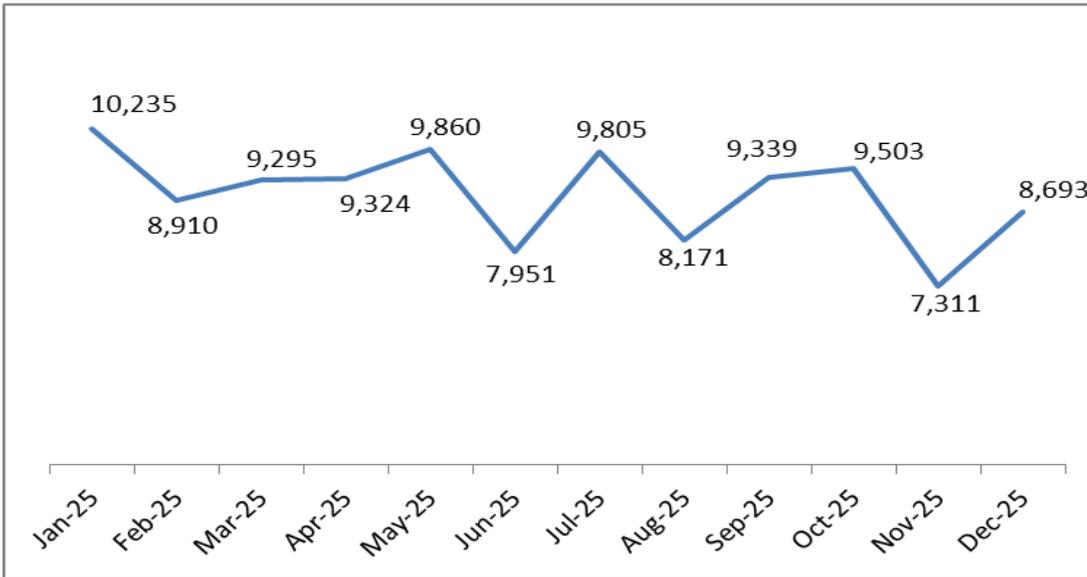
Airport Passengers



The cumulative activity at Rafic Hariri Airport rose by 24.70% year-on-year (YoY) to 7,011,129 travelers in 2025. This improvement reflects a broad recovery in airport activity over the year, led by stronger arrivals, which increased by 30.01% YoY to 3,591,536, and supported by a 19.67% YoY rise in departures to 3,416,994. Transit passengers, however, declined by 38.92% YoY to 2,743 as Lebanon continues to function less as a regional transit hub compared to major Gulf hubs. This rise is partly linked to improved political conditions and a gradual normalization of travel patterns following periods of heightened uncertainty.

The peak observed during the summer months highlights seasonal patterns, while the moderation toward the end of the year suggests that travel activity remains sensitive to regional developments and security concerns. As such, while the increase in passenger traffic supports economic activity, it remains subject to volatility.

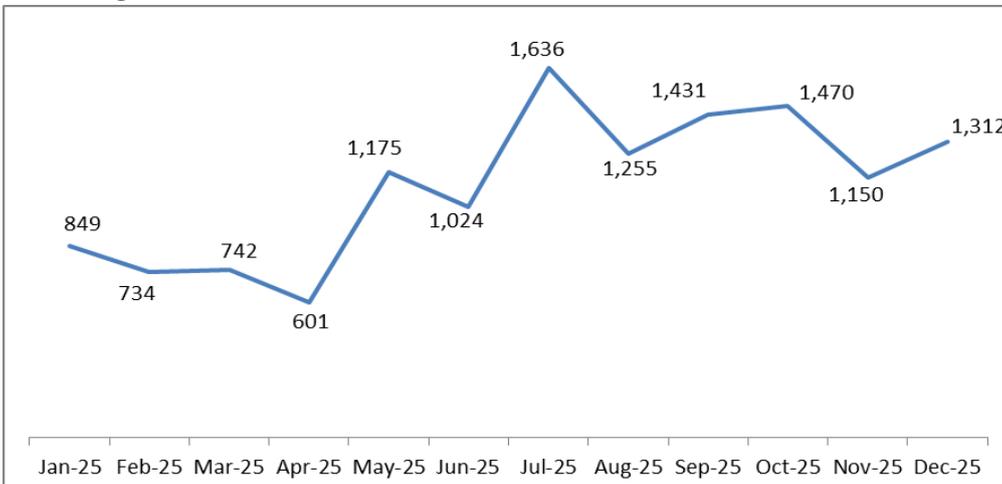
Cleared Checks



According to the data published by the Association of Lebanese Banks’ (ABL), the total number of cleared checks in the Lebanese financial system decreased remarkably by 41.69% year-over-year (YoY) to 108,397 checks by December 2025. Similarly, the cumulative value of cleared checks in local currency decreased by 20.01% YoY to LBP 62.80B by December 2025. Likewise, the cumulative value of cleared checks in foreign currency dropped by 45.65% year-over-year (YoY) to reach \$706M by December 2025.

Moreover, it is interesting to note that in December 2025 the cumulative number of checks issued from fresh accounts reached 101,894, of which 75,155 checks are in USD currency amounting \$993.14M and 26,739 checks are in LBP currency amounting LBP 45,079B. Despite some fluctuations during the year, the overall downward trend indicates that confidence in the banking sector remains weak. As a result, financial intermediation continues to be limited, constraining the ability of the banking system to support investment and economic growth.

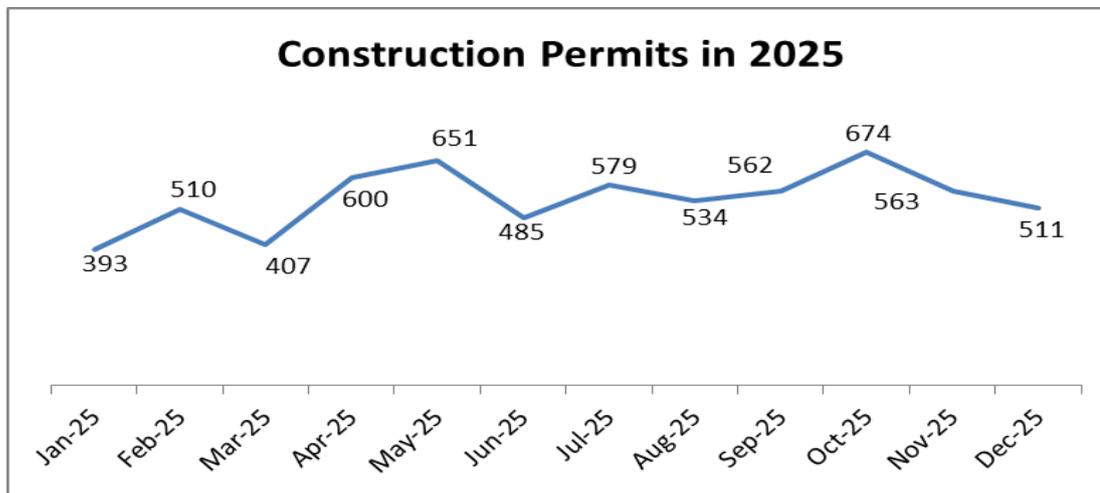
Cars Registrations



Car registrations increased from a cumulative 8,226 in 2024 to 13,379 by December 2025, marking a 62.64% year-on-year rise. This growth is mainly attributed to pent-up demand following previous years of weak sales, alongside improved purchasing power supported by exchange rate stability and fresh dollar inflows, particularly from expatriates. The increase also reflects greater reliance on private transportation amid limited public transport options.

The rise in registrations during mid-year aligns with stronger economic activity, while the fluctuations observed throughout the year suggest that demand remains uneven. Despite this growth, the sector continues to operate below pre-crisis levels due to the absence of financing options and broader economic constraints.

Construction Permits



In contrast, Lebanon saw a cumulative 17.22% year-on-year (YoY) drop in construction permits to 9,065 by December 2025, compared to a 10.91% decrease in 2024 (10,951 permits). This decline reflects persistent uncertainty, elevated costs, and cautious investor sentiment despite improvements in other sectors. Despite the drop in the number of permits, the Cumulative Construction Area Authorized by Permits (CAP) rose by 28.62% to 7,846,825 square meters (sqm) by December 2025, likely reflecting a shift toward larger group projects rather than smaller, individual ones.

While some months recorded temporary increases, the overall trend remained negative, highlighting the structural challenges facing the construction sector. Unlike consumption-driven indicators, construction activity remains more closely tied to long-term confidence and financing availability, both of which remain constrained.

External Financing

In 2025, Lebanon secured approximately \$1.7 billion in new public financing through agreements with international partners, including around \$1.3 billion from the World Bank and \$430 million from Qatar. According to Lebanon Opportunities (Issue 285, Winter 2026), these loans targeted key sectors

such as infrastructure, electricity, water supply, and agricultural transformation, reflecting efforts to support recovery and improve essential services.

In addition, specific projects included a \$250 million loan for emergency reconstruction, a \$200 million program aimed at transforming the agri-food sector to enhance productivity and resilience, and another \$250 million allocated to the electricity sector to support infrastructure upgrades and renewable energy development.

While this financing provides important support for short- to medium-term recovery, it also constitutes additional public debt, with repayment obligations extending over the long term. As such, these inflows highlight both the opportunities for economic support and the continued challenges related to debt sustainability and fiscal pressures.

Conclusion

In conclusion, while 2025 demonstrated resilience despite global headwinds, this momentum is expected to fade in 2026. The Iran-US-Israeli war is already exerting significant pressure on the global economy. The longer the conflict persists, the greater the strain on the energy sector, supply chains, and food prices – particularly given natural gas's critical role in fertilizer production. This dynamic is fueling inflation, which in turn erodes consumer spending, dampens job creation, and slows economic growth. With inflation rising and growth stalling, the risk of stagflation is intensifying, limiting monetary policy's impact.

As for Lebanon, 2025 marked a turning point, supported by improved political conditions, relative exchange rate stability, and a rebound in selected sectors. This was reflected in stronger activity across indicators such as PMI, trade, real estate, and mobility. The BLOM Lebanon PMI averaged 50; the first time since data collection began that the index was not in contraction territory. Early 2026 continued this positive trend, with January (50.1) and February (51.2) readings signaling an exceptional start of the year by historical standards. However, the escalation of the Israel–Hezbollah conflict in March is expected to reverse these gains. The 12-month outlook index will likely decline sharply, dragging the overall PMI closer to the 47-48 range.

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