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The BLOM Lebanon PMI for April 2026 increased marginally from 47.4 in March 2026 to 48.2 in April, staying below 50.0 threshold for the second month in a row, indicating deteriorating private sector conditions in Lebanon amid persistence of military escalation between Hezbollah and Israel. The decline is mainly attributed to decrease in new orders from overseas. This wider contraction is driven by the persistence of the war in Lebanon coupled by war in the region. However, new orders in Lebanon contracted but at a softer pace due to the incomplete ceasefire agreement reached on April 17th, 2026. This led to contraction of private businesses' output at a softer pace compared to March 2026. Meanwhile, rise in inflationary pressures reached highest since early 2023 as firms reported increase in shipping and import costs. The increases resulted mainly from the closure of Hormuz strait. The geo-political tensions in the region also weighed on Lebanon's private sector confidence, as "Business Expectations" index dropped to 19.2, reflecting increased pessimism of private sector's expectations for business activity over the next 12 months.

A top macro indicator, Lebanon's annual inflation rate dropped to 12.99% in April 2025, down from 14.19% in March 2025 to record its lowest level since April 2020, according to the Central Administration of Statistics (CAS). This decline in inflation especially over the past two years is largely attributed to increased dollarization by businesses and greater exchange rate stability, particularly since August 2023. Notably, Education which accounts for 6.6% of the Consumer Price

Index (CPI) increased by 30.74% Year-Over-Year (YOY). Owner Occupied (13.6% of CPI) rose by 26.39% YOY, while Health (7.7% of CPI) saw a 21.68% YOY increase during the same period. The “New Rent” category rose by 25.92% YOY, despite the ceasefire agreement signed on November 27, 2024. Many displaced individuals remain hesitant to return to their homes, as Israel continues to violate the ceasefire.

Meanwhile, the cumulative activity at Rafic Hariri International Airport declined by 13.04% year-on-year to 1,091,319 travelers in March 2026, reflecting deterioration in air traffic conditions compared to the previous year. Total arrivals reached 493,842, down by 27.22% year-on-year, while departures rose to 597,473, up by 3.72% year-on-year, highlighting relatively stronger outbound travel as many residents left the country amid the escalation of the conflict. Meanwhile, transit passengers reached 1,423, marking a notable increase compared to the previous year, albeit from a low base. This overall decline comes as March 2026 was heavily impacted by the escalation of conflict following the outbreak of war between Israel and Hezbollah at the end of February, which disrupted travel flows and weighed on inbound activity. Airport activity contracted sharply in March 2026, with total passengers falling to 139,143, down by 65.47% compared to March 2025. This drop was mainly driven by a steep decline in arrivals, which fell to 48,994, marking a 79.11% decrease, alongside a significant contraction in departures to 90,145, down by 46.44%. Transit passengers also decreased to 4, reflecting a sharp year-on-year drop of 90.91%, albeit from a low base. The sharp fall in arrivals underscores the collapse in inbound travel amid heightened security risks, flight cancellations, and reduced connectivity, while the decline in departures reflects constrained mobility and travel uncertainty. Overall, March’s performance highlights the immediate and pronounced impact of the conflict on airport activity, with geopolitical tensions significantly weighing on both inbound and outbound travel.

Moreover, according to the Ministry of Tourism’s data, the number of incoming visitors to Lebanon in 2025, increased significantly by 44.59% year-on-year (YoY), reaching 1,635,490. This surge is mainly driven by a sharp rise in European visitors, which accounted for the largest share and fastest growth. This broad-based increase across most regions reflects improving travel conditions and renewed confidence, although a decline in “other” nationalities slightly tempered the overall expansion. However, 2026 figures are expected to decrease remarkably due to the restart of the war between Hezbollah and Israel.

As for Port of Beirut activity, Container activity rose by 24.23% annually to 944,242 TEU in 2025. Transshipment activity, which involves cargo transferred from one ship to another at an intermediate port, increased by 21.85% to 244,854 TEU during the same period. Similarly, container activity, referring to cargo loaded onto or unloaded from ships at the port, rose by 25.08% to 699,388 TEU. The rebound in Beirut Port’s activity in 2025 was mainly driven by relative de-escalation after the November 2024 ceasefire, which reduced immediate security risks and lowered war-risk insurance premiums. Of course, the situation could be markedly different come 2026 between of the current war between Hezbollah and Israel.

And, according to market sources, cumulative Lebanese car market expanded by 40.43% year over year (YoY) by March 2026 to 3,265 cars. On a monthly basis, the re-escalation of the Hezbollah-Israel war in March weakened consumer confidence and discouraged high-value and non-essential purchases such as vehicles, hence the monthly decline in cars sold by 16% to 958 cars in March 2026. Japanese cars were the most sold cards with 405 sold cars (42% of total cards sold), followed by Chinese cars (231 sold cars representing 24% of total cards sold) and European cars (200 sold cars representing 21% of total cards sold). Furthermore, the leading sellers of vehicles in Lebanon were Toyota and Nissan with number of vehicles sold in March 2026 alone totaled 172 and 93 respectively. It is interesting to note that in March 2026, the share of non-gasoline cars and SUV (Hybrid, Plug-in Hybrid and Fully Electric cars) recorded a total of 265 cars (181 HEV cars, 64 EV cars, and 20 PHEV cars).

Moreover, Lebanon's cumulative trade deficit increased by 50.86% year-over-year (YoY), to reach \$3.33B by February 2026, according to the Lebanese Customs Administration. This change was driven by a cumulative 32.57% YoY surge in imports by February 2026 to \$3,757 million and a 31.95% YoY fall in exports to \$426 million during the same period. The increase of Lebanon's trade deficit is largely reflecting the escalation of regional and geopolitical tensions. The outbreak of conflict between Israel and Hezbollah along Lebanon's southern border in late February intensified disruptions to economic activity and trade logistics, further weakening confidence and external flows. At the same time, evolving regional dynamics – including stronger trade movement through neighboring Syria and the diversion of transit routes – continued to erode Lebanon's role as a key trade hub. Ongoing political uncertainty and delayed reforms also limited the economy's ability to adjust to these shocks. Together, these factors significantly deepened Lebanon's external imbalance at the start of 2026. The top three import sources by February 2026 were China, Switzerland, and United Arab Emirates accounting for 12.38%, 12.27%, and 8.04% of the total value of imports, respectively. On the exports side, the top three destinations in 2025 were United Arab Emirates, Turkey, and Syrian Arab Republic capturing respective shares of 15.26%, 10.09% and 7.04% of the total value of exports.

Additionally, Lebanon's cumulative construction permits declined by 11.54% year-on-year (YoY) to reach 1,632 by March 2026 according to the Orders of Engineers in Beirut and Tripoli. This decrease is largely reflecting the disruption and uncertainty following the outbreak of the Israel-Hezbollah conflict on February 28, 2026, which weighed on investor confidence and delayed new construction activity. Moreover, construction activity increased across several governorates except for North Lebanon, Bekaa, and South Lebanon, where activity remained subdued. Conversely, the Cumulative Construction Area Authorized by Permits (CAP) slightly rose by 0.84% to 1,737,722 square meters (sqm) by March 2026. Geographically, North Lebanon, South Lebanon, and Nabatiye experienced a decline in the cumulative CAP.

Furthermore, according to the Association of Lebanese Banks, the total number of cleared checks declined remarkably by 37.83% year over year (YoY) to 17,680 checks by March 2026. However, the cumulative value of cleared checks in local currency increased by 8.04% YoY to LBP 16,599B by March 2026. This upsurge in value of Lebanese checks given that the number of Lebanese checks issued decreased reflects higher denomination in LBP per check due to the exchange rate depreciation. However, the cumulative value of cleared checks in foreign currency dropped by 69.41% YoY to \$78M by March 2026. Also, the volumes of cleared checks in Lebanese Pounds and foreign currencies witnessed substantial yearly drop of 36.67% and 57.06% respectively to settle at 16,980 and 700 checks, by March 2026. Accordingly, the dollarization rate of checks in terms of volume fell from 5.73% in March 2025 to 3.96% in March 2026. Notably, the number of returned checks dropped significantly by 48.68% YoY to stand at 97 checks by March 2026. Moreover, the value of returned checks in local & foreign currency decreased drastically YoY respectively by 80.46% and 98.80% by March 2026 to record LBP 17B and \$ 0.78M. Fresh checks gained traction following BDL Circular 165, with cumulative checks reaching 37,946, of which 28,271 checks were in USD currency, amounting to \$3654M; and 9,675 checks were in LBP currency amounting to LBP 15,216B. On a monthly basis, the number of cleared Fresh checks in March 2026 was 11,685 checks.

In addition, according to Lebanon's consolidated commercial banks' balance sheet, total assets declined by 0.95% on year over year (YoY) basis to stand at \$101.9B in February 2026. On the assets side, currency and deposits with Central Bank represented a high figure of 75.26% of total assets; they dropped annually by 3.31% to settle at \$76.7B in February 2026. Deposits with the central bank (BDL) represented 99.9% of total reserves, and decreased by 3.3% YoY, to reach \$76.62B in February 2026. Furthermore, vault cash in Lebanese pound decreased by 13.33% on a yearly basis to stand at \$73.71M by the same period. Claims on resident customers, constituting 4.14% of total assets, shrank by 10.95% YoY to stand at \$4.22B in February 2026. Moreover, resident securities portfolio, representing 5.21% of total assets, decreased by 12.14% in February 2026 to stand at \$5.3B. More specifically, the

Eurobond holding recorded an increase of 2.34% since February 2025, to reach \$2.52B (net of provisions) in February 2026. Additionally, claims on non-resident financial sector rose by 8.5% YoY to stand at \$5.47B in February 2026. On the liabilities side, resident customers' deposits were the main account, representing 63.41% of total liabilities; they dropped by 3.8% since February 2025 to reach \$64.616B by the month of February 2026. In more details, deposits in foreign currencies (being 98.72% of resident customers' deposits) declined by 3.88% YoY to reach \$63.79B by February 2026, additionally deposits in LBP (1.28% of resident customers' deposits) increased by 3.33% YoY to stand at \$826.9M by February 2026. As for non-resident customers' deposits, grasping 20.95% of total liabilities, they recorded a rise of 1.97% and stood at \$21.35B in February 2026. In details, the deposits in LBP rose by 25.42% to reach \$39.51M and deposits in foreign currencies increased by 1.93% to reach \$21.31B over the same period. In addition, non-resident financial sector liabilities representing 2.25% of total liabilities decreased by 9.84% YoY to reach \$2.29B in February 2026. Lastly, the capital accounts stood at \$5.01B, higher by 8.15% than February 2025, noting that only about 10% of those are in LBP.

As well, as per BDL's latest monetary report, the Balance of Payments (BoP) recorded a cumulative surplus of \$7,705.4M up to February 2026, far above the surplus over the same period last year of \$3,127.5M. Based on the BDL Central Council's Decision Number 37/20/24 dated 13/09/2024, BDL's foreign assets starting January 2024 include the Monetary Gold, the Non-Resident Foreign Securities held by BDL, and the Foreign Currencies & Deposits with Correspondent Banks & International Organization; while excluding the Lebanese Government's Sovereign Bonds and the BDL loans in FX to Resident Banks and Financial Institutions. The significant increase in the change of BDL NFA is mainly explained by the increase in the value of the Monetary Gold. Accordingly, cumulative Net Foreign Assets (NFAs) of BDL rose by \$7,360.1M while the cumulative NFAs of commercial banks increased by \$345.6M by February 2026. On a monthly basis, NFAs of BDL rose by \$1,817.9M while the NFAs of commercial banks increased by \$142.9M in February 2026.

In parallel, according to Banque du Liban's balance sheet, the Central Bank's total assets decreased by 0.80% Year-on-Year (YoY), reaching \$93.3B by mid-April 2026 while foreign reserve assets rose by 5.47% YoY and stood at \$11.7B by mid-April 2026, registering a \$142.65M in the first two weeks of April 2026. Meanwhile, the gold account increased by 49.32% yearly to reach \$44.4B by mid-April 2026. On the liabilities front, financial sector deposits, representing 87.55% of BDL's total liabilities, decreased by 4.24% annually and reached \$81.7B by mid-April 2026 compared to last year, of which more than 90% are denominated in dollars. Moreover, public sector deposits, representing 9.94% of BDL's total liabilities, surged by 37.78% yearly and reached \$9.3B by mid-April 2026. Lastly, currency in circulation outside of BDL, consisting of 0.78% of BDL's total liabilities, fell by 21.52% annually to reach \$724.45M by mid-April 2026.

On another note, the war in the region that was initiated on February 28th, 2026 has had severe economic and humanitarian repercussions across the Arab world. As per International Monetary Fund (IMF), Mr. Jihad Azour (Director, Middle East and Central Asia Department) said that prior to the war the region has been humming nicely, with growth gaining traction, inflation easing, and non-oil sectors performing well. That progress has been sharply reversed now. Specifically, “even under our reference scenario — which assumes trade and energy production normalize by mid-2026 — growth in MENA is projected to slow to 1.1 percent in 2026, a downgrade of 2.1 percentage points from our October forecast. This represents one of the largest recent downward revisions to regional growth”.

In Lebanon, much of the same, if not worse. By 11 March 2026, intensified airstrikes had killed at least 634 people and displaced over 816,000, with displacement expected to reach one million. Economic effects are emerging rapidly. Past experience suggests losses could escalate quickly: the previous conflict led to \$14 billion in damages and a 7.1% GDP contraction in 2024. Given Lebanon's prolonged economic collapse since 2019 and limited access to reconstruction financing, the country has very little capacity to absorb a prolonged

escalation. **Foreign reserves declined by \$343 million in March alone, implying losses exceeding \$1 billion per quarter if trends.** While remittances—around half of which originate from the Gulf—may be partially protected, most sectors of the economy, particularly tourism, are expected to remain under significant strain. Economic reforms have effectively been put on hold as attention shifts to urgent humanitarian needs, particularly support for internally displaced people.

Lastly, Lebanon Opportunities' (LO) Leaders Club of InfoPro, provided estimates regarding Lebanon's 2025 GDP and its growth. LO estimates that in 2025 GDP registered real growth of 5.1 percent and reached a nominal value of \$46.3 billion. It also revised its previous estimates for the GDP of Lebanon for 2024 downwards, from \$40.3 billion to \$38.7 billion. These are higher than estimates of international financial institutions such as the World Bank (WB) and International Monetary Fund (IMF); for instance, LO believe that World Bank 'Night Light' methodology in estimating GDP is not appropriate for Lebanon which is leading to a major underestimation of Lebanon's GDP.

In conclusion, the BLOM Lebanon PMI for April 2026 remained in the contractionary territory for the second consecutive month, marking persistent deterioration in private sector business activities. Despite positive political developments in 2025, the improvements in private business activities remained susceptible as security concerns remained high due to Israeli breaches of the November 2024 ceasefire agreement and Hezbollah's refusal to relinquish its weapons. The recent security escalations following the war in the region rose shipping and import costs on Lebanese private sector businesses that were passed to their clients, resulting in higher prices. Although the current situation as yet to affect employment, persistence in the war and its drastic results on business activity could impact employment severely.

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