

News Release

**Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION**

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BLOM Lebanon PMI®

BLOM Lebanon PMI recovers slightly to three-month high, but business conditions remain challenging

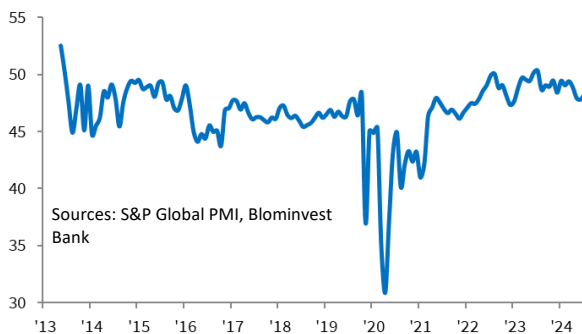
Data collected July 11-25

BLOM Lebanon PMI rises to 48.3, its highest since April

New orders and business activity fall, but at weaker rates

Employment drops slightly amid subdued 12-month outlook

sa, >50 = improvement since previous month



According to the latest BLOM Lebanon PMI® survey, the Lebanese private sector economy weakened on a monthly basis in July. Lower intakes of new business weighed on activity levels, with domestic challenges relating to the political and economic situation, as well as adverse effects from the war in Gaza, hindering sales and restricting output across the country. That said, rates of contraction eased.

Meanwhile, employment fell at the fastest pace in a year-and-a-half as business confidence remained subdued. There was also a moderation in price pressures.

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.

The headline BLOM Lebanon PMI posted below the 50.0 no-change mark in July, signalling a deterioration in the health of Lebanon's private sector economy. However, having risen from 47.8 in June to 48.3, the index signalled a weaker pace of decline, and one that was also the slowest since April. Notably, the BLOM Lebanon PMI remained above its historical average (46.7) and was indicative of a modest decline in operating conditions.

Commenting on BLOM Lebanon PMI for July 2024, Dr Ali Bolbol, Chief Economist/Head of Research at BLOM, said:

"Lebanon's PMI rose in July to 48.3 from a lower figure of 47.8 in the previous month. Although still below the 50 threshold, the rise signals a softer decline in economic activity. The improvement in the index is predominantly due to increases in the PMI's sub-indices of output and new orders. A pick-up in the new export orders index has also helped invigorate the economy, with an influx of tourists and expats somewhat stimulating new business openings and expansion. There is a renewed sense of optimism and resilience in Lebanon's economy, highlighting its potential for recovery amid ongoing challenges. As the country navigates these complex dynamics, the rise in the PMI serves as a hopeful indicator of gradual stabilization and opportunity for future development."

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

Private sector companies in Lebanon registered lower new business wins in July. The challenging economic and political situation domestically reportedly curbed intakes of new work, anecdotal evidence suggested, although others attributed weaker sales to the war in Gaza and the subsequent increase in security concerns. Indeed, this was particularly a drag on new export business, which fell for an eighth month running. Nevertheless, overall new orders (including both domestic and from abroad) fell at the softest pace in three months.

Business activity levels subsequently fell as demand conditions weakened, although the rate of contraction was the slowest since April. Lower output requirements led to a reduction in purchasing activity for the first time in four months, while employment levels were cut by the greatest margin in a year-and-a-half. However, in both cases, rates of decline were only marginal.

Looking towards the outlook for business activity in the next 12 months, private sector firms in Lebanon anticipate a contraction when compared with present levels. Expectations that the persistence of conflict in the region, as well as sustained weakness in the domestic economy, weighed on sentiment.

There was a further fractional improvement in supplier performance in July, although panellists continued to report greater shipping costs, as well as higher prices for imported items. Subsequently, operating expenses increased in July. That said, the rate of inflation did ease to a marginal pace.

Private sector companies in Lebanon lifted their prices charged in a bid to share the burden of higher costs with clients. The increase was only mild, however.

-Ends-

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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.

About BLOMINVEST BANK

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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