

News Release

Purchasing Managers' Index™ MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00 (BEIRUT) / 08:00 (UTC), September 4th 2024

Data collected August 12-23

BLOM Lebanon PMI®

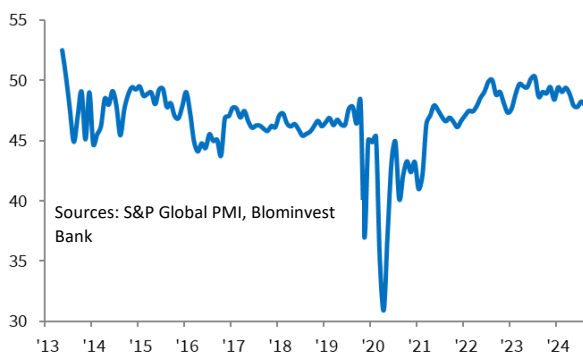
Business conditions deteriorate in August

Output and new orders decrease at faster rates

Weaker tourism dents Lebanese economy, with exports falling

Business confidence weakens

sa, >50 = improvement since previous month



According to the latest BLOM PMI® survey for Lebanon, the country's private sector economy remained under pressure midway through the third quarter. The war in Gaza, leading to heightened security concerns domestically amid conflict between Hezbollah and Israel, reportedly dented sales, tourism activity and overall levels of business output during August. Business confidence also weakened, with firms expressing concern towards the economic outlook.

That said, private sector employment fell at a softer pace despite quicker falls in activity, new business and backlogs of work. Cost pressures were also relatively subdued, although companies did report some inflationary effects arising from regional instability such as increased shipping costs and greater insurance premiums.

The headline BLOM Lebanon PMI posted below the no-change mark of 50.0 in August. At 47.9, the headline index fell from 48.3 in July and signalled a modest deterioration in the health of the Lebanese private sector economy.

Commenting on BLOM Lebanon PMI for August 2024, Helmi Mrad, research analyst at BLOM, said:

“Not surprisingly, the BLOM Lebanon PMI fell from 48.3 in July to 47.9 in August 2024. The security concerns weighed heavily on the private sector after the escalation in the war between Hezbollah and Israel. As such, tourism activity was interrupted, leading to faster output and new orders contractions. In addition, private businesses passed on higher costs, resulting from increased shipping costs and greater insurance premiums, to their customers by charging them higher prices. However, despite the quicker drop in output and new orders, employment fell at a softer pace. But, what is most unfortunate is the loss of confidence as the private sector sees a bleaker businesses outlook in the future, with no end in sight.”

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

According to survey respondents, regional instability, concerns surrounding the security of Lebanon, political uncertainty and weak client purchasing power caused business activity levels to decline midway through the third quarter. The rate of contraction also quickened from July, but was softer than seen on average across the survey history.

The volume of incoming new work received by private sector companies in Lebanon shrank in August. Lower tourism demand was cited by survey respondents.

Indeed, new export business decreased for a ninth successive month.

The potential for an escalation of the war in Gaza caused some businesses to express pessimism towards the outlook for business activity at their units in August. Broader economic and political concerns were also cited as reasons to be downbeat. Overall business confidence slipped in August.

Purchasing activity decreased in August, with the pace of decline its quickest since December 2022. Some firms linked lower buying volumes to security concerns.

That said, there was a smaller fall in employment levels. This also came despite a further reduction in the volume of outstanding work at private sector companies in Lebanon. With input demand contracting, the latest survey data signalled a fractional improvement in supplier delivery times.

Surveyed companies reported price increases from vendors during August. There were also mentions of increased shipping costs and greater insurance premiums. Overall input costs rose, albeit marginally and at a pace that was below the long-run average of the survey.

Selling charges were subsequently lifted as firms endeavoured to pass higher costs on to their clients. The rate of inflation was only fractional however, and the softest for three 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.

For further information, please contact:

BLOMINVEST Bank:

Dr Ali Bolbol, Chief Economist / Head of Research

Telephone +961 1 739 817

Email ali.bolbol@blominvestbank.com

S&P Global Market Intelligence:

Joe Hayes, Principal Economist

Telephone +44-1344-328-099

Email joe.hayes@spglobal.com

Sabrina Mayeen, Corporate Communications

Telephone +44-7967-447-030

Email sabrina.mayeen@spglobal.com

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.

About S&P Global (www.spglobal.com)

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).