

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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### BLOM Lebanon PMI®

#### Lebanon PMI hits 76-month high in May

Data collected May 12-25

- **Output and new orders fall at slowest pace since January 2016**
- **Purchasing activity increases for first time in over six years**
- **Inflation intensifies amid exchange rate pressure**



The Lebanese private sector economy deteriorated to the weakest extent since the beginning of 2016 in May, according to the latest BLOM Lebanon PMI® survey, with declines in output and new orders both moderating since April. Purchasing activity meanwhile rose for the first time in over six years despite the fastest increase in purchase costs since last December. According to firms, inflationary pressures stemmed from an unfavourable US dollar exchange rate.

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 48.6 in May, up from 47.9 in April. Overall, this was the highest reading since January 2016. That said, having posted below the crucial 50.0 threshold, the latest figure was still indicative of a deterioration in private sector business conditions across Lebanon.

#### Commenting on BLOM Lebanon PMI for May 2022, Dr. Fadi Osseiran, General Manager at BLOMINVEST Bank, said:

*"Lebanon is still struggling with a deep financial crisis despite the latest notable improvement in the PMI. The month of May 2022 witnessed a relative increase in purchasing activity for the first time over six years. What we can say about this increase is that despite the continuous deterioration of the national currency against the dollar, it may be, however, an interesting indicator that Lebanese citizens have resigned themselves to the fact that most of their products are priced in US dollar, which is "psychologically" facilitating the purchasing operations and increasing its volumes. That said, Lebanon could be entering a tough and unstable phase in its post-election period due to the heightened political uncertainty. What complicates matters is that reform plans are in a state of limbo, pending the formation of a new government. We only hope that this "grey period" does not stay long, given the severity of the economic situation."*

#### The main findings of May's survey were as follows:

Latest survey data signalled a drop in business activity at Lebanese firms during May. Panel members linked the reduction to challenging domestic economic, political

and financial conditions. However, the rate of decrease was the softest since January 2016.

Meanwhile, May survey data signalled lower intakes of new work across the private sector economy in Lebanon. Demand conditions were adversely impacted by weak purchasing power among domestic clients, according to surveyed firms. That said, in line with the trend for output, the fall in new business was the slowest since the start of 2016. A weaker decrease in new export orders was also registered during May.

Nonetheless, private sector firms in Lebanon fractionally reduced their staffing numbers midway through the second quarter due to insufficient intakes of new work. Indeed, a lack of incoming new orders also enabled firms to make inroads into their backlogs. The volume of outstanding business fell once again in May, but at a slightly softer pace.

However, for the first time in over six years, latest survey data pointed to an increase in purchasing activity. Despite this, stocks of purchases were depleted in May as firms struggled to replenish their inventories. Shortages of items at suppliers were mentioned by survey respondents.

With regards to prices, latest PMI data highlighted continued inflationary trends across Lebanon in May. Overall input costs rose at the sharpest pace for ten months amid an accelerated increase in purchase prices. According to panellists, this reflected unfavourable movements in the US dollar exchange rate. As a result, output charges were raised to the greatest extent since July last year.

Finally, private sector businesses in Lebanon remained pessimistic towards activity over the next 12 months. For most survey respondents, the outlook depended on economic and political reforms.

-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@ihsmarkit.com](mailto:economics@ihsmarkit.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 <https://ihsmarkit.com/products/pmi.html>.

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