

November 5, 2025

Contact Information

Helmi Mrad

Senior Research Analyst

helmi.mrad@blominvestbank.com

The BLOM Lebanon PMI for October 2025 dropped to 50.6 from 51.5 for September 2025, signaling a third month of expansion in a row, however, at a softer pace than September 2025. Similar to the two previous months, the expansion of the private sector businesses is credited to the increase in output and new orders, while new export orders continued its contraction since March 2025, however, at a softer pace. This reveals that the expansion is a result of domestic expansion of private sector businesses activity. Interesting to note also that employment grew for the first month since February and the highest in just over 12 years. On the political front, the situation is ambiguous. The debate regarding the amendment of the elections law is still unsettled. As for the negotiations with Israel, it seems that there is an agreement between the Lebanese President, Prime Minister, and the Speaker of Lebanese Parliament regarding indirect negotiations similar to that of maritime border demarcation with the inclusion of some civil experts in the negotiations team. On the economic front, the negotiations with the International Monetary Fund (IMF) are still in limbo, without clear direction as to when and how they will be fruitfully concluded.

Lebanon's annual inflation rate increased to 15.06% in September 2025, from 14.17% in August 2025, according to the Central Administration of Statistics (CAS). The slight moderation reflected a relatively stable exchange rate, tighter monetary control by the Central Bank, and a seasonal slowdown in consumer demand following the summer peak. Energy and fuel prices also remained broadly unchanged amid steady global oil markets and improved power supply from Electricité du Liban, easing household electricity costs. Moreover, expectations surrounding the IMF mission's late-September visit and the

government's cautious fiscal stance helped anchor price pressures, while stable food import costs further supported disinflation across key CPI components. In details, it is worthwhile to note that Education (6.6% of CPI) increased by 30.57% YOY, New rent (0.64% of CPI) soared by 28.31% YOY, and Miscellaneous goods & services (4.1% of CPI) rose by 27.64% YOY during the same period. The highest yearly increase was recorded in the "Education" component, which rose by 30.57% in September 2025. This sharp uptick was mainly driven by the start of the new academic year, during which private schools and universities significantly raised tuition fees to offset higher operating costs and salary adjustments. Additionally, the shift toward dollarization payments in many private institutions and increased costs of educational materials and transportation further amplified the annual rise in education expenses. On a monthly basis, Consumer Price Index (Inflation) increased between August 2025 and September 2025 by 0.60%.

The cumulative activity at Rafic Hariri International Airport rose by 10.38% year-on-year (YoY) during the first nine months of 2025 to 5,406,264 travelers. This increase was mainly driven by a 14.63% cumulative YoY increase in arrivals, which totaled 2,767,428. The rise in airport activity reflects a normalization in travel patterns following last year's disruption. While tourism typically peaks during this period, the significant annual increase is largely driven by a low base effect, as passenger traffic in 2024 was hit by the Israeli-Hezbollah war. Nevertheless, cumulative traffic by Q3 2025 remains below the 2023 level (5,781,079), highlighting the incomplete recovery. This may be partly explained by ongoing Israeli strikes on Lebanon, which—despite being largely confined to the South and Beqaa—continue to weigh on travel sentiment. On a monthly basis, airport passengers' activity dropped by 26.56% in September 2025 to 682,437, a trend that likely reflects the end of the summer season as tourists and expatriates began returning to their countries of residence.

Cumulative container activity at the Port of Beirut rose by 15.30% year-over-year (YoY) to 663,477 TEU by September 2025. Cumulative container activity, referring to cargo loaded onto or unloaded from ships at the port; saw an increase of 24% YoY to 515,572 TEU. However, cumulative transshipment activity, which involves cargo transferred from one ship to another at an intermediate port, decreased by 7.34% YoY to 147,905 TEU. This decrease may be attributed to the persistence of the conflict between Israel and Hezbollah. On a monthly basis the total activity increased by 31.13% to 80,718 TEU, mainly

driven by the rebound in import demand after the summer slowdown, along with improved shipping schedules and faster clearance of goods.

According to the Lebanese Customs Administration, Lebanon's trade deficit widened by 9.76% year-over-year (YoY) to \$10.57 billion by August of 2025. The shift was primarily driven by a cumulative 12.1% YoY surge in imports, which reached \$12.94 billion, offsetting a cumulative 23.93% YoY rise in exports to \$2.37 billion over the same period. Imports rose as consumer behavior readjusted amid easing geopolitical tensions, with individuals spending more freely rather than limiting their consumption to stockpiling essentials. On the export side, the increase likely signals a rebound in business activity across multiple regions following the November 2024 ceasefire with Israel. While Israel has continued to breach the agreement, these disruptions have remained localized, allowing broader commercial operations to resume and drive export growth. That is in addition to the freer trade routes through Syria, especially since the fall of the previous regime. The top three import destinations during the first nine months of 2025 were China, Greece, and Egypt, accounting for 12%, 8%, and 7% of the total value of imports, respectively. The top imported products during the same period were mineral products (25%) at \$3,280 million, pearls, precious stones, and metals (14%) at \$1,819 million, and products of the chemical or allied industries (8%) at \$1,067 million. On the exports side, the top three destinations during the first nine months of 2025 were Switzerland, UAE and United States capturing respective shares of 21%, 18%, and 4% of the total value of exports. The top exported products during the same period were pearls, precious stones, and metals (36%) at \$852 million, base metals and articles of base metal (15%) at \$355 million, and prepared foodstuffs, beverages, and tobacco (12%) at \$280 million.

In addition, according to Lebanon's consolidated commercial banks' balance sheet, total assets declined by 2.10% on year over year (YoY) basis to stand at \$102.4B by August 2025. On the assets side, currency and deposits with Central Bank represented a high figure of 77.12% of total assets; they dropped annually by 3.38% to settle at \$78.94B in August 2025. Deposits with the central bank (BDL) represented 99.90% of total reserves, and decreased by 3.37% YoY, to reach \$78.9B in August 2025. Furthermore, vault cash in Lebanese pound declined by 10.40% on a yearly basis to stand at \$76.27M by the same period. Claims on resident customers, constituting 4.29% of total assets, shrank by 20.09% to

stand at \$4.4B in August 2025. Moreover, resident securities portfolio, representing 4.90% of total assets, decreased by 2.65% in August 2025 to stand at \$5.01B. More specifically, the Eurobond holding recorded a decrease of 1.99% since August 2024, to reach \$2.2B (net of provisions) in August 2025. Additionally, claims on non-resident financial sector rose by 19.68% YoY to stand at \$5.14B by August 2025. On the liabilities side, resident customers' deposits were the main account, representing 64.77% of total liabilities; they dropped by 3.14% since August 2024 to reach \$66.3B by the month of August 2025. In more details, deposits in foreign currencies (being 98.77% of resident customers' deposits) declined by 3.47% YoY to reach \$65.5B by August 2025, additionally deposits in LBP (1.23% of resident customers' deposits) increased by 32.84% YoY to stand at \$818.64M by August 2025. This reveals that a slightly higher proportion of deposits are now held in LBP, as the dollarization ratio for private sector deposits decreased from 99.25% in August 2024 to 98.98% in August 2025. As for non-resident customers' deposits, grasping 20.89% of total liabilities, they recorded a rise of 1.06% and stood at \$21.9B in August 2025. In details, the deposits in LBP rose by 43.71% to reach \$45.16M and deposits in foreign currencies increased by 0.99% to reach \$21.33B over the same period. In addition, non-resident financial sector liabilities representing 2.34% of total liabilities, decreased by 9.03% YoY to reach \$2.4B in August 2025. Lastly, the capital accounts stood at \$4.51B, higher by 20.71% than August 2024, noting that only about 10% of those are in LBP.

Furthermore, according BDL's latest monetary report, the Balance of Payments (BoP) recorded a cumulative surplus of \$10,069.8M by August 2025, far above than the surplus over the same period last year of \$5,106.8M. 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 \$8,900.6M while the cumulative NFAs of commercial banks increased by \$1,169.3M by August 2025. On a monthly basis, NFAs of BDL rose by \$1,205.4M while the NFAs of commercial banks decreased by \$55.8M in August 2025. For a more meaningful analysis, we examine the NFAs of commercial banks

for the month of August 2025. On the liabilities side, “Non-resident financial sector liabilities” increased by \$26.69M to reach \$2.4B; in addition, “Non-resident customers’ deposits” rose by \$78.48M to reach \$21.38B. Meanwhile, on the asset side, “claims on non-resident financial sector” decreased by \$220.3M to reach \$5.14B for the same period; similarly, “other foreign assets” increased by \$5.11M to stand at \$2.65B while “Non-resident securities portfolio” rose by \$92.7M recording \$1.31B.

Also, as per Banque du Liban’s (BDL) balance sheet, the Central Bank’s total assets increased by 0.29% Year-on-Year (YoY), reaching \$94.6B by mid-October 2025. Furthermore, the gold account, representing 40.96% of BDL’s total assets, increased by 58.34% yearly to reach \$38.74B by mid-October 2025. Regarding foreign assets item, recently BDL amended it and replaced it by foreign reserve assets item to include only non-resident and liquid foreign assets. Thus, other resident and / or illiquid assets were transferred to securities portfolio or loans to local financial sector. In more details, Lebanese Government Eurobonds with a nominal value of \$4.85B were transferred to securities portfolio; whereas \$298.8M was transferred to loans to financial sector. Therefore, and in order to calculate the YoY change of foreign reserve assets, we deducted the Lebanese Eurobonds from foreign assets as of October 15th, 2024 in addition to the loans to local financial sector. **As such, BDL foreign reserve assets, consisting of 12.46% of total assets (after transferring the Eurobonds to securities portfolio and the other resident and / or illiquid assets to loans to financial sector) rose by 13.79% YoY and stood at \$11.78B by mid-October 2025. Additionally, foreign reserve assets increased by \$31.06M in the first two weeks of October 2025.** On the liabilities front, financial sector deposits, representing 89.07% of BDL’s total liabilities, decreased by 2.46% annually and reached \$84.24B by mid-October 2025 compared to last year, of which more than 90% are denominated in dollars. Moreover, public sector deposits, representing 8.66% of BDL’s total liabilities, rose by 38.44% yearly and reached \$8.9B by mid-October 2025. Lastly, currency in circulation outside of BDL, consisting of 0.88% of BDL’s total liabilities, rose by 43.03% annually to reach \$831.7M by mid-October 2025.

More so, Lebanon saw a cumulative 26.28% year-on-year (YoY) drop in construction permits to 6,539 by September 2025. This decline is attributed to the uncertainty in the political situation in addition to the prolonged insecurity as Israeli attacks are continued. As

such, people are cautious to start new construction projects. Despite the drop in the number of permits, the Cumulative Construction Area Authorized by Permits (CAP) rose by 16.58% to 5,720,405 square meters (sqm) by September 2025, likely reflecting a shift toward larger group projects rather than smaller, individual ones. Moreover, construction activity declined across all governorates compared to the previous year except for North Lebanon, with the steepest fall in Beirut (-80.47%) followed by Bekaa (-48.63%) and Mount Lebanon (-34.57%).

Additionally, according to market sources, cumulative Lebanese car market expanded by 41.30% year-over-year (YoY) by September 2025, reaching 9,447 cars. On a monthly basis, 1,431 cars were sold in September 2025. Furthermore, the leading sellers of vehicles in Lebanon were Toyota, GAC (Trumpchi), and MG with number of vehicles sold in September 2025 alone totaled 255, 122, and 113 respectively. It is interesting to note that in September 2025, the share of non-gasoline cars and SUV (Hybrid, Plug-in Hybrid and Fully Electric cars) recorded a total of 264 automobiles. Lebanon's car market has faced significant fluctuations in recent years. Sales of new cars are much lower now compared to 2019, when cars were still being purchased through checks. Currently, the demand for new vehicles is restricted by the limited financing options, exacerbated by the lower purchasing power of the people. However, there has been some improvement in the past year, and recent numbers up to September 2025 show more car registrations (9,447). Despite this increase, the number of cars sold is still much lower than the sales figures from 2019. This shows that while the market is indeed recovering, it still faces big challenges and is far from returning to its pre-crisis levels.

Apart from that, according to the data published by the Association of Banks in Lebanon (ABL), the total number of cleared checks in the Lebanese financial system decreased remarkably by 45.26% year over year (YoY) to 82,890 checks by September 2025. Similarly, the cumulative value of cleared checks in local currency decreased by 26.52% YoY to LBP 45.54B by September 2025. Likewise, the cumulative value of cleared checks in foreign currency dropped by 51.67% year-over-year (YoY) to reach \$521M by September 2025. Moreover, the volumes of cleared checks in Lebanese Pounds and foreign currencies witnessed substantial yearly drop of 42.83% and 70.04% respectively to settle at 78,850 and 4,040 checks, by September 2025. Accordingly, the dollarization rate of checks in

terms of volume fell from 8.91% in September 2024 to 4.87% in September 2025. Notably, the number of returned checks was dropped substantially by 47.97% YoY to stand at 435 checks in September 2025. Moreover, the value of returned checks in local currency decreased by 25.95% YOY to record LBP 311B, however, the value of returned checks in foreign currency increased significantly by 123.84% YOY to record \$ 89.47M in September 2025. Banque du Liban (BDL) recently issued Circular 165, which permits depositors to make payments by check starting June 1st, 2023, as long as their accounts are in either fresh US dollars or Lebanese lira. To support this initiative, BDL has introduced a new clearing system, distinct from the one dedicated to pre-crisis deposits. This circular serves a dual purpose: it encourages customers to open new accounts in both Lebanese pounds and US dollars, while also aiming to decrease the country's dependence on cash and stimulate economic recovery. As such, in September 2025, the cumulative number of checks issued from fresh accounts reached 64,461, of which 47,943 checks are in USD currency amounting \$647.94M and 16,518 checks are in LBP currency amounting LBP 27,384B. On a monthly basis, the number of fresh cleared checks in September 2025 was 11,319 checks.

On a separate note, in his October 21st, 2025 press conference at the Dubai International Financial Centre, Jihad Azour, Director of the IMF's Middle East and Central Asia Department, outlined a cautiously optimistic view of the region's economic landscape. **He stated that regional GDP growth is expected to record 3.2% in 2025 up from 2.1% in 2024 with a further acceleration to 3.7% in 2016 despite the regional persistent geopolitical tensions in addition to rising U.S. tariffs and global trade restrictions.** What is unfortunate is that there are no real GDP growth expectations for Lebanon due to limitations of data from national for 2022 – 2024 in addition to omitted estimates and projections for 2025 – 2030 due to “an unusually high degree of uncertainty”.

Furthermore, **the Lebanese Council of Ministers approved on the amendments done on the bank restructuring law as per IMF recommendation.** Major amendments were removing article #37 that states that the banks' restructuring law will be put on hold until the issuance of the financial resolution and deposit recovery law, adding in article #13 statements that emphasize on the principle of the hierarchical distribution of losses, banks can no longer appeal the decision of the HBC in front of courts, and removal of the representative of

National Deposit Insurance Corporation from the membership of the second room of the Higher Banking Commission (HBC).

In conclusion, the BLOM Lebanon PMI decreased to 50.6 in October 2025, however still above the 50-threshold for the third straight month supported by an increase in domestic demand. However, this expansion will not be durable in case the officials procrastinate in the implementation of economic and financial reforms, in addition to political and security reforms that confine arms to the state only. Moreover, the security concerns on the southern borders are escalating, as diplomats from many countries are arriving and urging Lebanon to disarm all official military groups as soon as possible to prevent war escalation with Israel. **As such, we hope internal and external diplomacy can eliminate political uncertainty and obstacles to a durable peace that will pave the grounds to full economic recovery and growth.**

For your Queries:

BLOMINVEST BANK s.a.l.

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Helmi Mrad

helmi.mrad@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com

Disclaimer

This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness or accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.