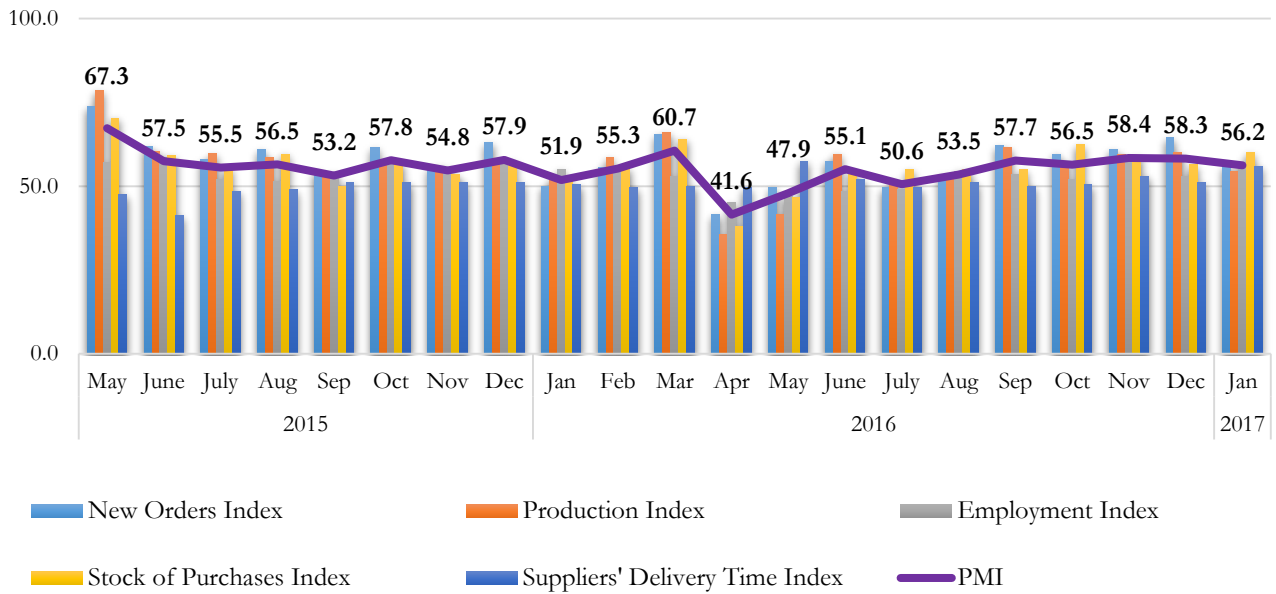


KEY POINTS:

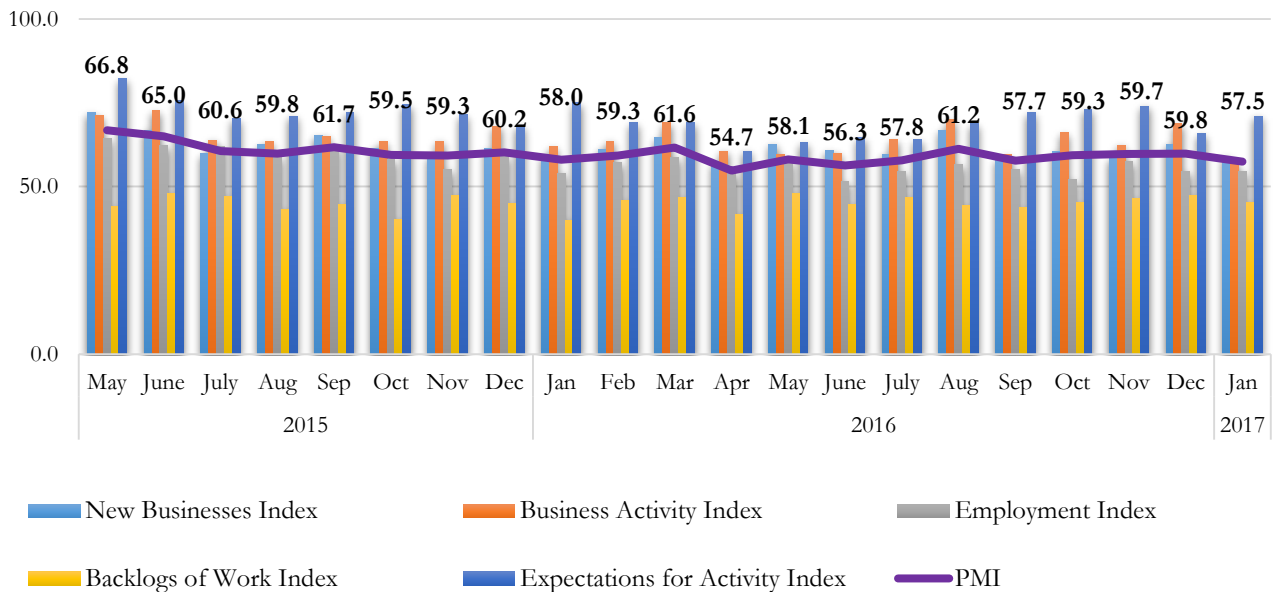
- **The Manufacturing sector PMI** recorded an index value of 56.2 in January which is a decrease of 2.1 index points compared to December 2016. The deceleration in PMI indicate that the manufacturing activities expanded at a moderate pace in January 2017 largely attributable to post seasonal realignment of business plans ahead as reflected in Production and New Orders sub-indices. The Stock of Purchases sub-index increased in January indicating an accumulation of stocks mainly as a precaution to face possible delays of supply of materials which is also associated with the lengthening of Suppliers' Delivery Time. The Employment sub-index also increased compared to the previous month. Overall data points to an expansion where all the sub-indices are above the neutral 50.0 threshold. The expectations for activities indicated an improvement for the next three months.
- **The Services Sector PMI** recorded 57.5 index points in January 2017 from 59.8 index points in December 2016. The decline in PMI over the last month's value indicates that economic activities in the Services sector expanded at a slower rate in January 2017, compared to the previous month. The deceleration in Services PMI was caused by the decelerations in New Businesses and Business Activity sub-indices and the decline in Backlogs of Work sub-index. Employment sub-index remained unchanged while Expectations for Activity sub-index increased in January 2017 compared to December 2016. Prices Charged and Future Labour Cost, which are not taken into consideration in PMI compilation process, increased in January 2017 compared to the previous month. Future Labour Cost is measured by Expectations for Labour Cost, a newly introduced variable from January 2017.

	Y\M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PMI Manufacturing</b>	<b>2015</b>	n.a.	n.a.	n.a.	n.a.	67.3	57.5	55.5	56.5	53.2	57.8	54.8	57.9
	<b>2016</b>	51.9	55.3	60.7	41.6	47.9	55.1	50.6	53.5	57.7	56.5	58.4	58.3
	<b>2017</b>	56.2	-	-	-	-	-	-	-	-	-	-	-
<b>PMI Services</b>	<b>2015</b>	n.a.	n.a.	n.a.	n.a.	66.8	65.0	60.6	59.8	61.7	59.5	59.3	60.2
	<b>2016</b>	58.0	59.3	61.6	54.7	58.1	56.3	57.8	61.2	57.7	59.3	59.7	59.8
	<b>2017</b>	57.5	-	-	-	-	-	-	-	-	-	-	-

## PMI Manufacturing



## PMI Services



Technical Note:

### **The Index**

PMI is calculated as a 'Diffusion Index', where it takes values between 0 and 100.

PMI=50            sector remained neutral on month-on-month basis

PMI>50           sector is generally expanding on month-on-month basis

PMI<50           sector is generally declining on month-on-month basis

### **Sample**

The sampling frame was based on a list of large companies located in the Western province obtained from the EPF Department. Samples for Manufacturing and Services activities were selected based on the GDP sectoral share, with a minimum target of 100 responses for each month.

### **Definitions of Variables**

Employment                : Number of staff working for the organization

Stock of purchases        : Raw materials purchased and kept in a warehouse to be used for production

Supplier Delivery Time    : Time lag between order placement and delivery by the supplier

Backlogs of Work         : Uncompleted orders due to increased flow of business activity

Other variables are self-explanatory.