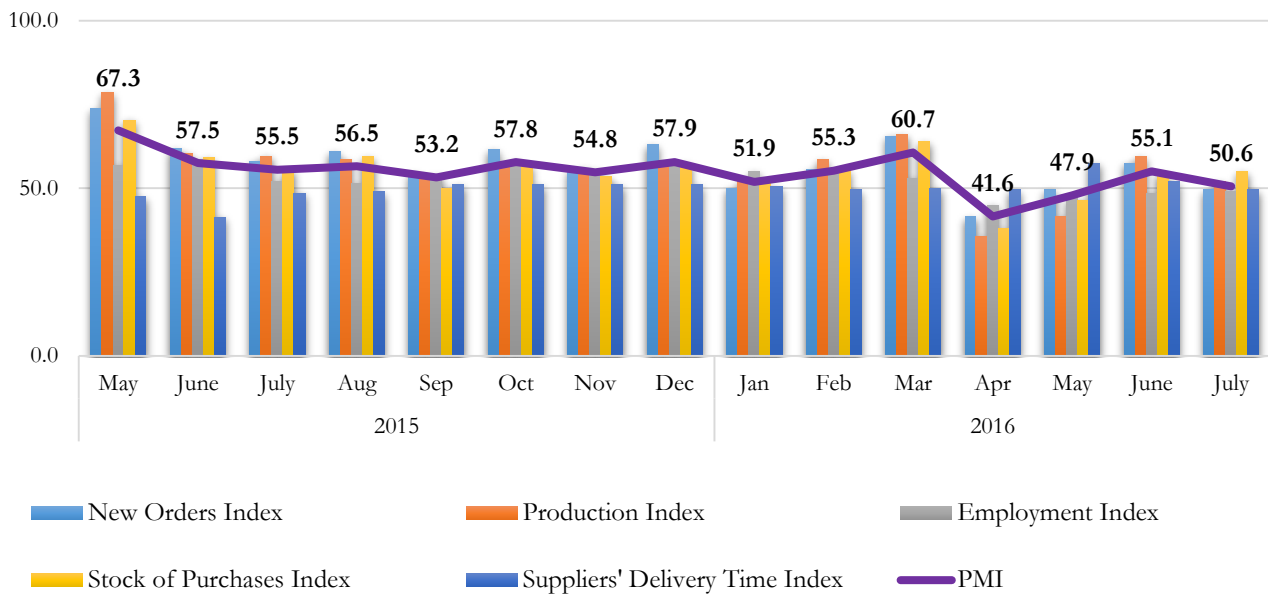


KEY POINTS:

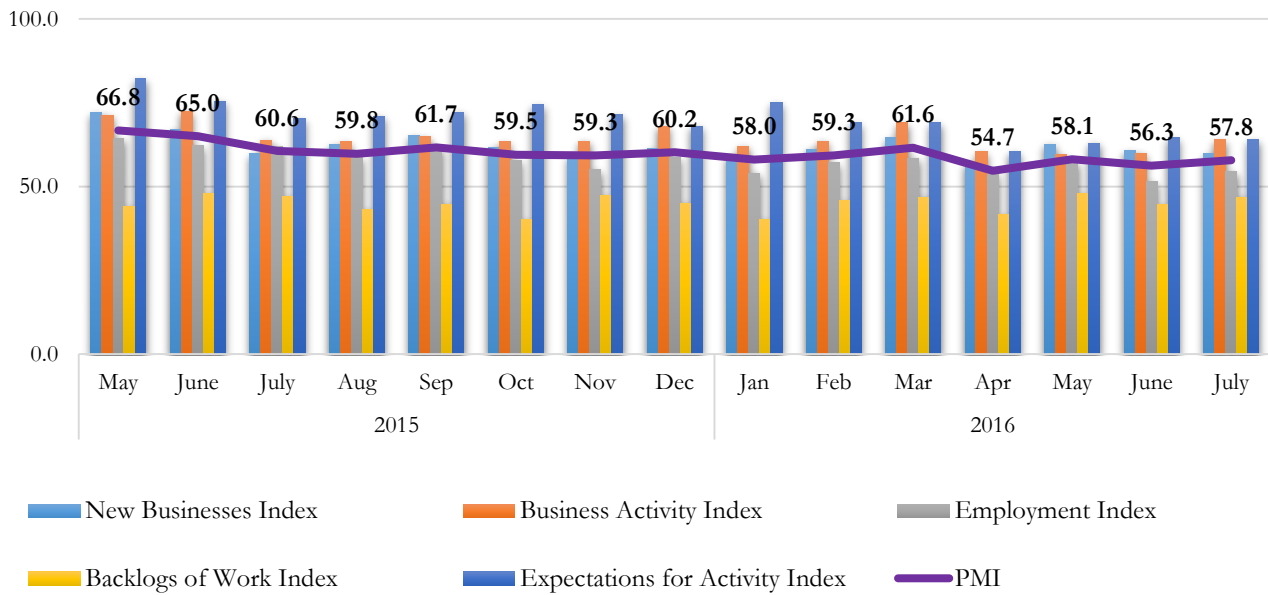
- **The Manufacturing PMI** decreased to 50.6 in July indicating a neutral performance in comparison to 55.1 in June 2016. The decline in July in comparison to June was mainly due to the decrease in New Orders and Production Indices. The month-on-month decline of the PMI and the sub-indices follows the significant increase observed in the month of June compared to May 2016. All sub-indices of PMI, apart from Employment and Stock of Purchases Indices, declined compared to the previous month. Overall data points to an expansion on the strength of Production and Stock of Purchases Indices while all the other sub-indices remained below the neutral 50.0 threshold. The expectations for activities indicated an improvement for the next three months.
- **The Services Sector PMI** increased to 57.8 in July from 56.3 recorded in June 2016. The moderate increase in PMI over the last month's value indicates that economic activities continued to expand at a moderate pace in recent months. Business Activity recorded the highest rate of expansion in four months. The employment sub index recovered from a low of 51.5 index points in June. Slower rates of expansion were registered for both New Businesses and Expectation for Activity in July compared to June. Backlogs of work declined in July compared to June. Prices charged, which is not taken into consideration in PMI compilation process, decelerated in July 2016 for the second consecutive month from its peak in May 2016.

Year	Month	PMI Manufacturing	PMI Services
2015	May	67.3	66.8
	Jun	57.5	65.0
	Jul	55.5	60.6
	Aug	56.5	59.8
	Sep	53.2	61.7
	Oct	57.8	59.5
	Nov	54.8	59.3
	Dec	57.9	60.2
2016	Jan	51.9	58.0
	Feb	55.3	59.3
	Mar	60.7	61.6
	Apr	41.6	54.7
	May	47.9	58.1
	Jun	55.1	56.3
	Jul	50.6	57.8

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.