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Press Release

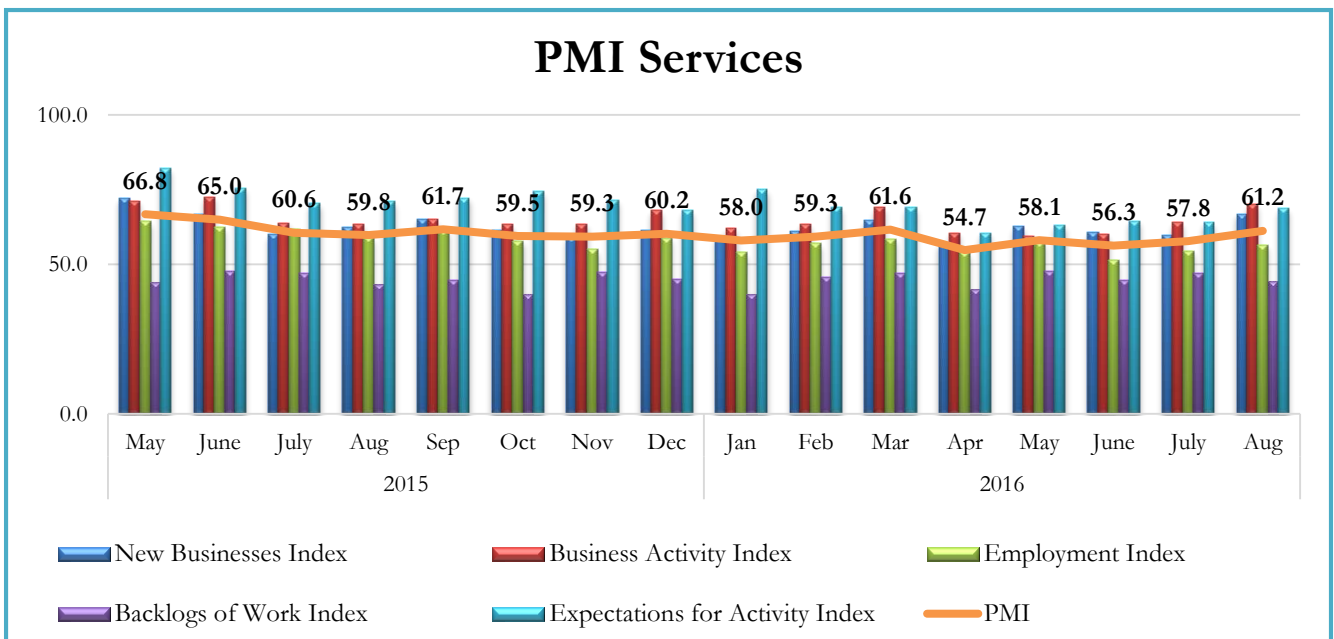
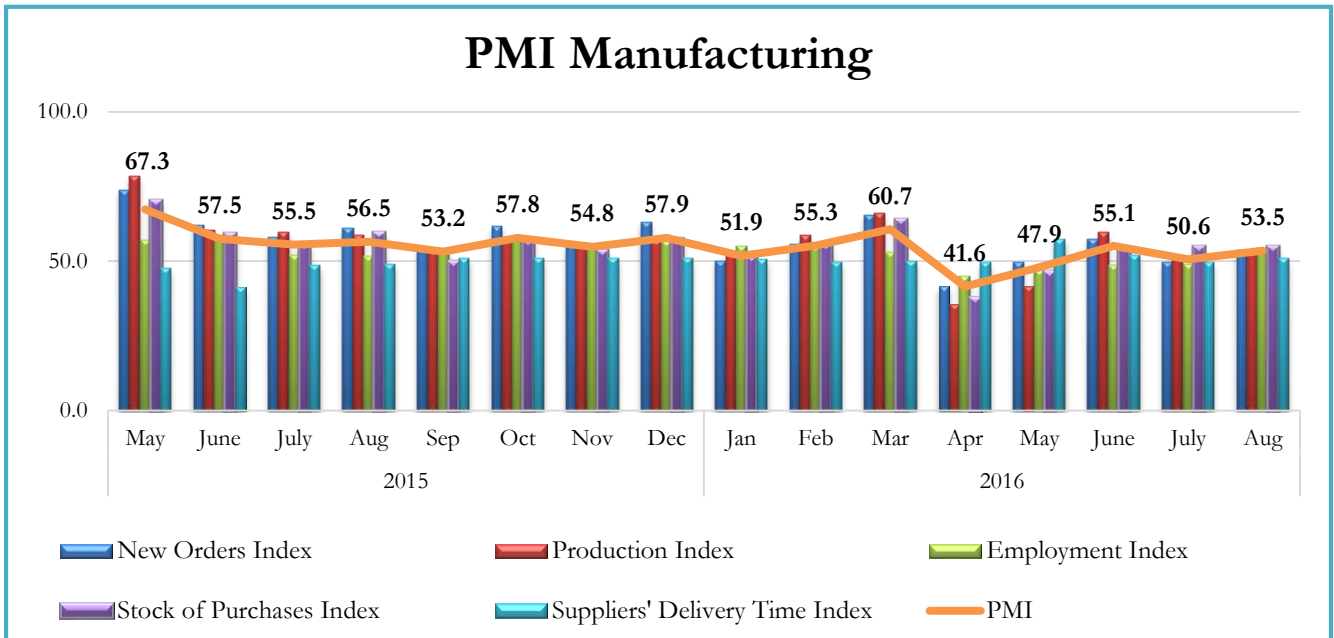
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SL Purchasing Managers' Index (PMI) Survey – August 2016

- **The Manufacturing Sector PMI** increased to 53.5 in August which is an increase of 2.9 index points from 50.6 in July 2016. The increase in August was fuelled by the improvements observed in New Orders, Employment and Production Indices. All the sub-indices of manufacturing sector PMI, apart from stock of purchases which was unchanged, increased compared to the previous month. Notably, New Orders, Employment and Suppliers' Delivery Time indices recovered from the contraction observed in July. Overall data points to an expansion where all the sub-indices are above the neutral 50.0 threshold. The expectations for activities indicate an improvement for the next three months.
- **The Services Sector PMI** increased to 61.2 in August from 57.8 in July 2016. The increase in PMI over the last month's value indicates that economic activities in the services sector expanded at a higher rate in August 2016 compared to the previous month. The increase in Services PMI was underpinned by increases in New Businesses, Business Activity, Employment and Expectations for Activity sub-indices. Backlogs of Work declined in August compared to the previous month. Decline in Backlogs of Work amidst rising New Businesses and Business Activity indicates increasing efficiency levels within the services sector and freeing up of capacity for elevated Expectation for Activity. Prices Charged index, which is not taken into consideration in PMI compilation process, increased in August 2016 after two consecutive declines from its peak level in May 2016.

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



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.

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.