

# PMI

February 2017

# SL Purchasing Managers' Index

STATISTICS DEPARTMENT CENTRAL BANK OF SRI LANKA

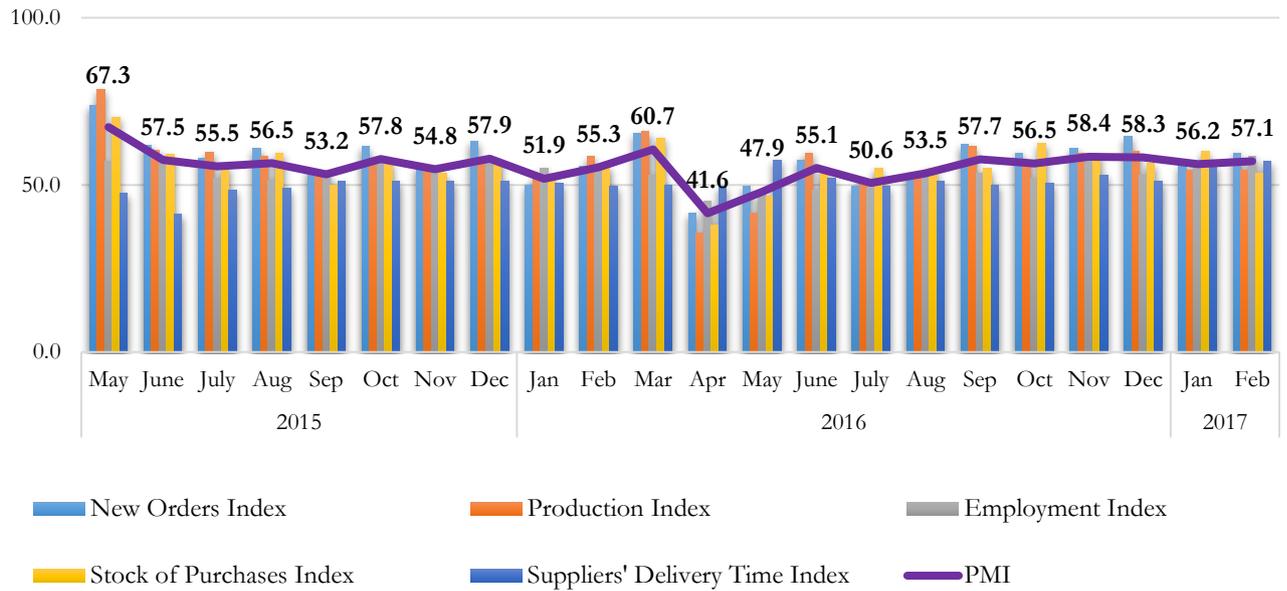
RESULTS OF PMI MANUFACTURING AND PMI SERVICES INDICES

KEY POINTS:

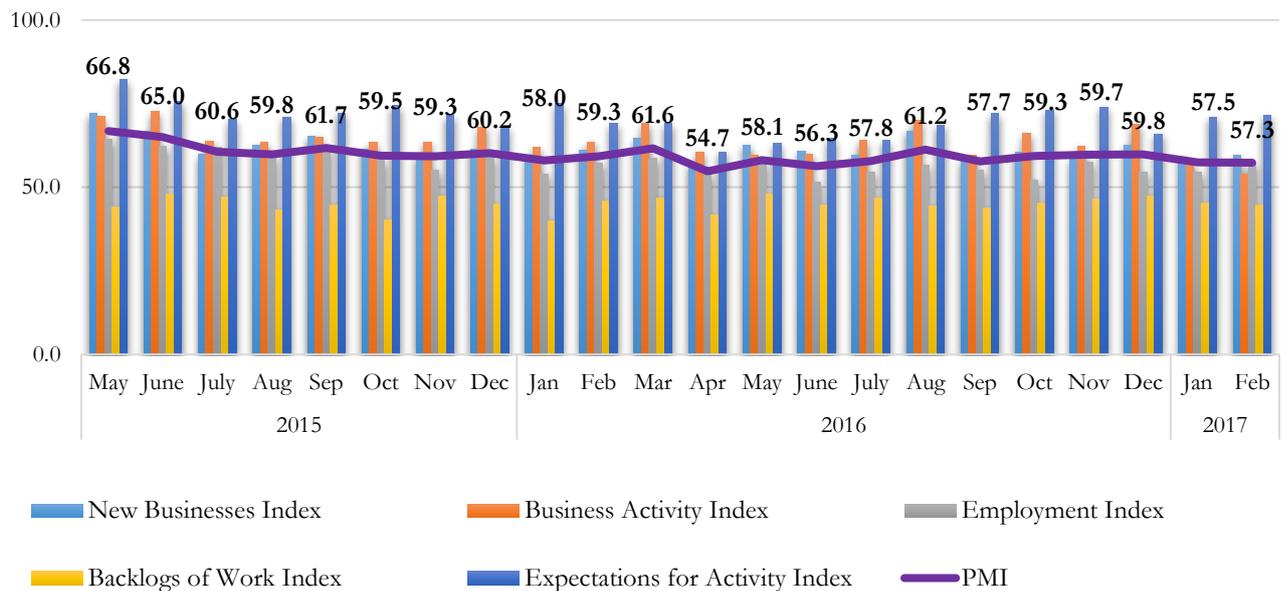
- **The Manufacturing sector PMI** recorded an index value of 57.1 in February which is an increase of 0.9 index points compared to January 2017. This indicates that the manufacturing activities continued to expand in February 2017, largely attributable to increasing orders for the upcoming New Year season visible in New Orders sub-index. The Stock of Purchases sub-index decreased in February as a result of the usage of stocks accumulated in January and the delays in delivering materials which is reflected by lengthening of Suppliers' Delivery Time. The Employment sub-index also increased while Production sub-index remain unchanged. The less number of working days in February was highlighted as a constraint for increasing the production to meet the increase in new orders. 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 57.3 index points in February from 57.5 index points in January 2017. The marginal decline in PMI over the last month's value indicates that economic activities in the Services sector expanded, but at a slower rate in February 2017 compared to the previous month. The deceleration in Services PMI was caused by the decelerations in Business Activity sub-index and the decline in Backlogs of Work sub-index. New Businesses, Employment and Expectations for Activity sub-indices increased in February compared to January 2017. Prices Charged which is not taken into consideration in PMI compilation process, declined in February 2017 compared to the previous month. Future Labour Cost, as measured by Expectations for Labour Cost, increased in February 2017.

	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	57.7	56.5	58.4	58.3
	2017	56.2	57.1	-	-	-	-	-	-	-	-	-	-
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	57.7	59.3	59.7	59.8
	2017	57.5	57.3	-	-	-	-	-	-	-	-	-	-

## 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.