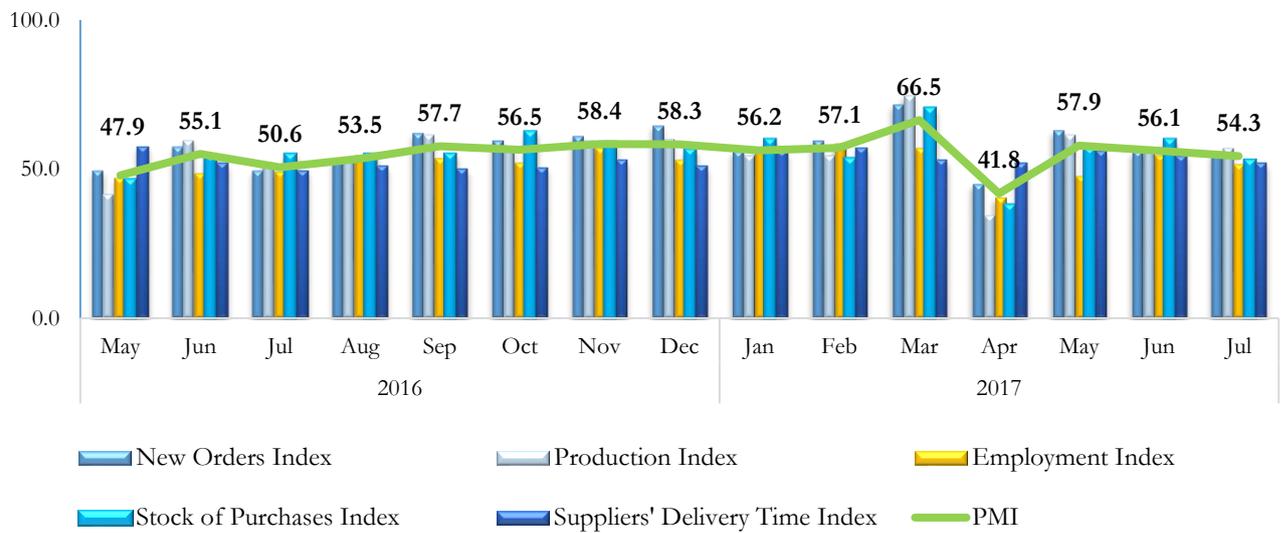


KEY POINTS:

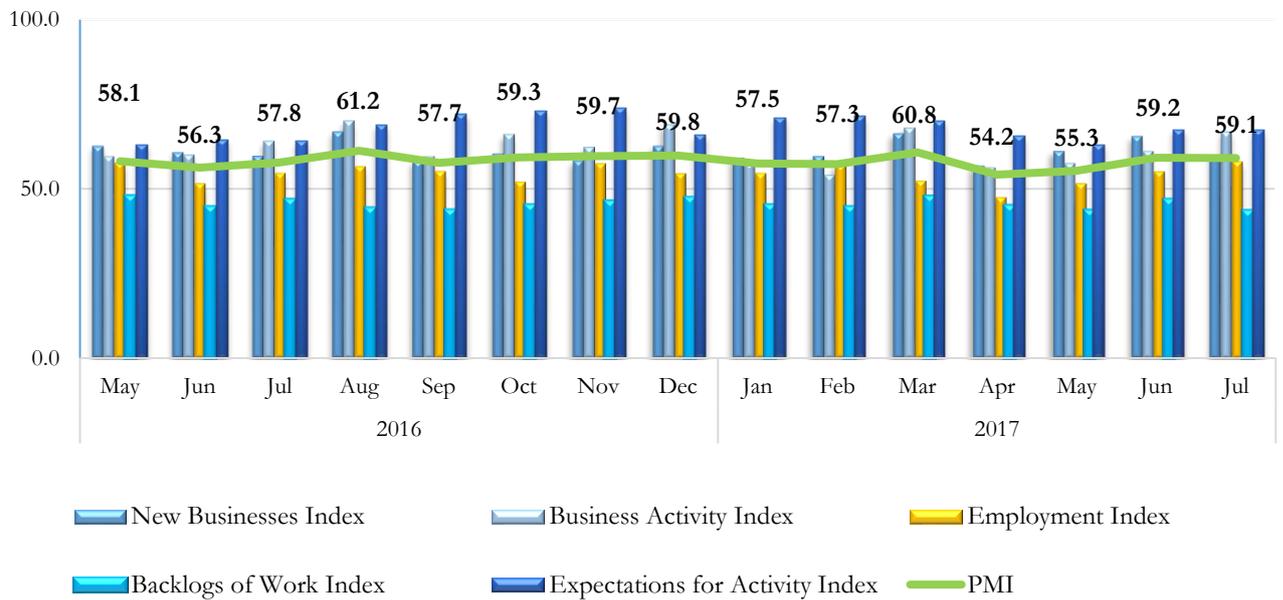
- The Manufacturing Sector PMI** recorded 54.3 in July which is a decrease of 1.8 index points compared to June 2017. This indicates that the manufacturing activities expanded, albeit at a slower rate in July 2017, mainly driven by the decrease in the Stock of purchases sub-index resulting from the usage of excess stock that was built up in the previous month and decrease in the Employment sub-index due to the difficulties in replacing unskilled employees to account for high labour turnover. New orders and Suppliers' delivery time sub-indices moderated during the month while Production sub-index remained at the same level. However, all the sub-indices of PMI recorded values above the neutral 50.0 threshold signalling an overall expansion in July. Moreover, the Expectation for activities indicates an improvement for the next three months.
- The Services Sector PMI** recorded 59.1 index points in July from 59.2 index points in June 2017. The Services sector continued to expand in July 2017 driven by Business Activity and Employment sub-indices albeit with a marginal deceleration compared to June 2017. Backlogs of Work also declined, compared to June 2017. Financial sector contributed to the expansion in New Businesses through introduction/expansion of technological reach to serve their clients and to improve efficiency of their services. Further, an increase in Business Activity was observed, mainly in the Accommodation, Food and Beverage sector due to increase in tourist arrivals and positive expectations for next 3 months. Prices Charged index experienced a decline in July compared to June 2017 in the absence of any festival demand. However, National Transport Commission increased the bus fare by 6.28% as per the annual bus fare revision. Meanwhile, Expectations on Labour Cost index declined in July 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	66.5	41.8	57.9	56.1	54.3	-	-	-	-	-
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	60.8	54.2	55.3	59.2	59.1	-	-	-	-	-

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.