STATISTICS DEPARTMENT CENTRAL BANK OF SRI LANKA

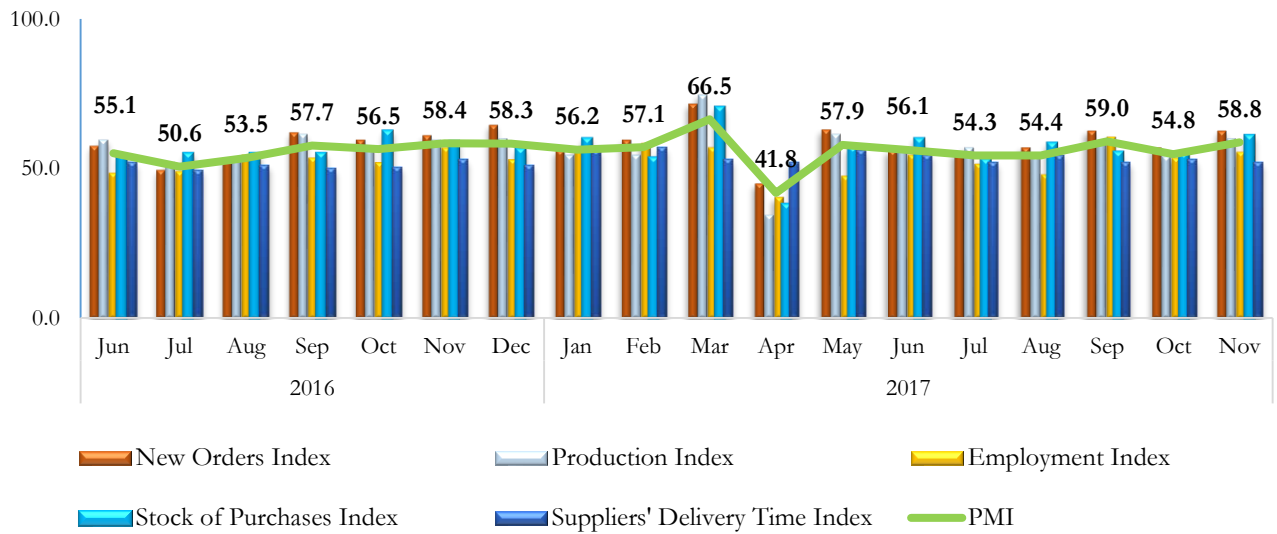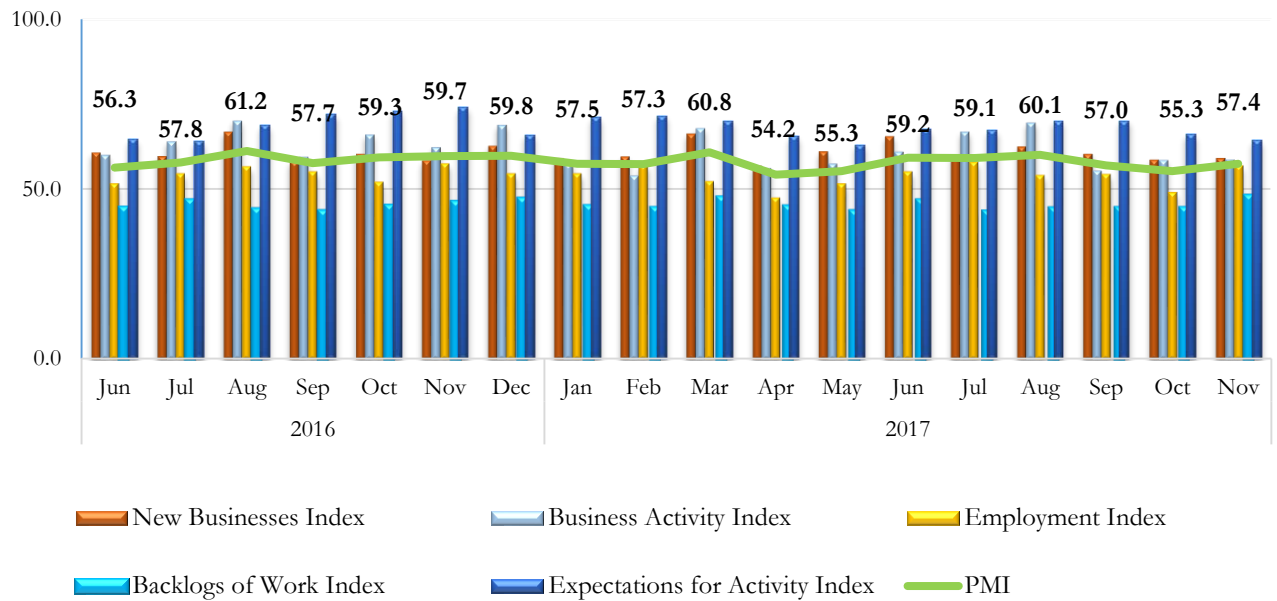RESULTS OF PMI MANUFACTURING AND PMI SERVICES INDICES

KEY POINTS:

- **The Manufacturing Sector PMI** recorded 58.8 in November which is an increase of 4.0 index points compared to October 2017. This indicates that the Manufacturing activities expanded at a higher pace in November compared to October 2017. This was mainly driven by the New Orders and Production sub-indices owing to the increase in manufacturing of food, beverages and tobacco related activities in line with the seasonal demand. Further, Employment and Stock of Purchases sub-indices also expanded at a higher pace during the month compared to October 2017. Meanwhile, the Suppliers' Delivery Time sub-index lengthened, albeit at a slower rate, compared to previous month. Overall, all the sub-indices of PMI recorded values above the neutral 50.0 threshold signalling an overall expansion in November 2017. Moreover, The Expectation for activities for next three months remained high with some moderation compared to the previous month.

- **The Services Sector PMI** recorded 57.4 index points in November from 55.3 index points in October 2017. This indicates that the Services sector accelerated at a moderate pace in November 2017. This acceleration was supported by Business Activity, New Businesses and Employment sub-indices. Expectations for Activity for next 3 months decelerated while Backlogs of Work declined in November compared to October 2017. The expansion in Business Activity was mainly observed in Financial Services and Telecommunication sectors, reasons being expansion of service delivery channels and technology based improvements. Employment reached a four month high with companies gearing up with increased staff levels for the festival season and recruitment for previously opened positions. Prices Charged decelerated in November compared to October 2017 while Expected Labour Cost increased in November 2017 due to seasonal benefits such as bonuses, festival advances and encashment of unutilized leave for 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	54.4	59.0	54.8	58.8	-
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	60.1	57.0	55.3	57.4	-

PMI - Manufacturing

Legend:
- New Orders Index
- Production Index
- Employment Index
- Stock of Purchases Index
- Suppliers' Delivery Time Index
- PMI

PMI values: Jun 55.1, Jul 50.6, Aug 53.5, Sep 57.7, Oct 56.5, Nov 58.4, Dec 58.3 (2016); Jan 56.2, Feb 57.1, Mar 66.5, Apr 41.8, May 57.9, Jun 56.1, Jul 54.3, Aug 54.4, Sep 59.0, Oct 54.8, Nov 58.8 (2017)

PMI - Services

Legend:
- New Businesses Index
- Business Activity Index
- Employment Index
- Backlogs of Work Index
- Expectations for Activity Index
- PMI

PMI values: Jun 56.3, Jul 57.8, Aug 61.2, Sep 57.7, Oct 59.3, Nov 59.7, Dec 59.8 (2016); Jan 57.5, Feb 57.3, Mar 60.8, Apr 54.2, May 55.3, Jun 59.2, Jul 59.1, Aug 60.1, Sep 57.0, Oct 55.3, Nov 57.4 (2017)

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.