

PMI

December 2016

SL Purchasing Managers' Index

STATISTICS DEPARTMENT CENTRAL BANK OF SRI LANKA

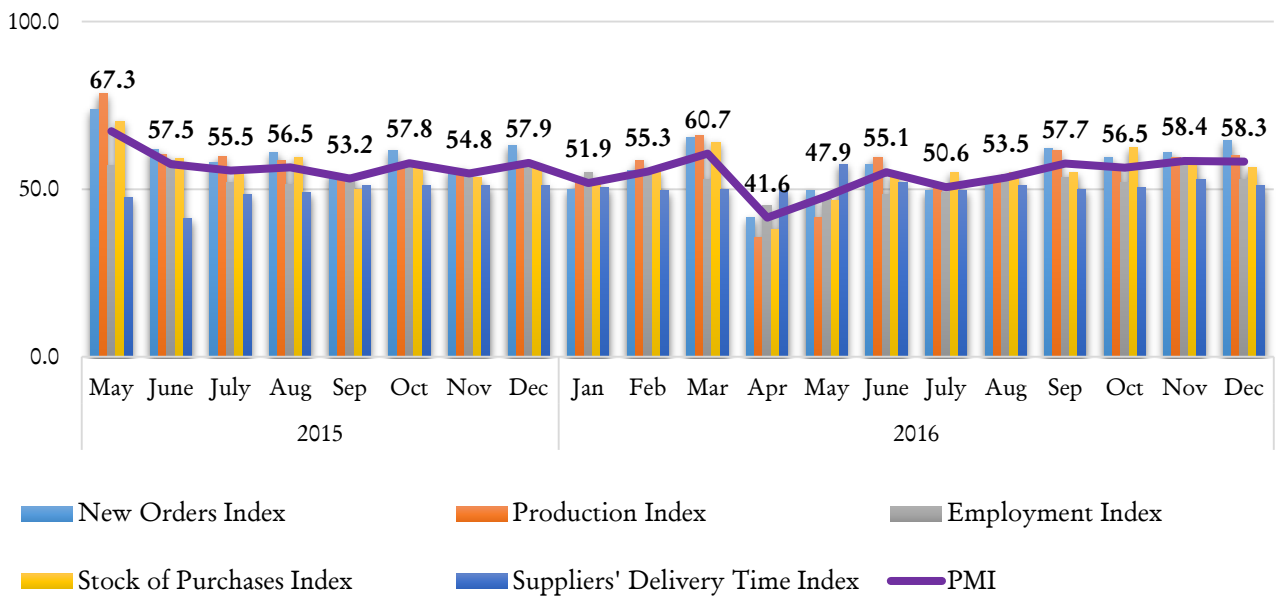
RESULTS OF PMI MANUFACTURING AND PMI SERVICES INDICES

KEY POINTS:

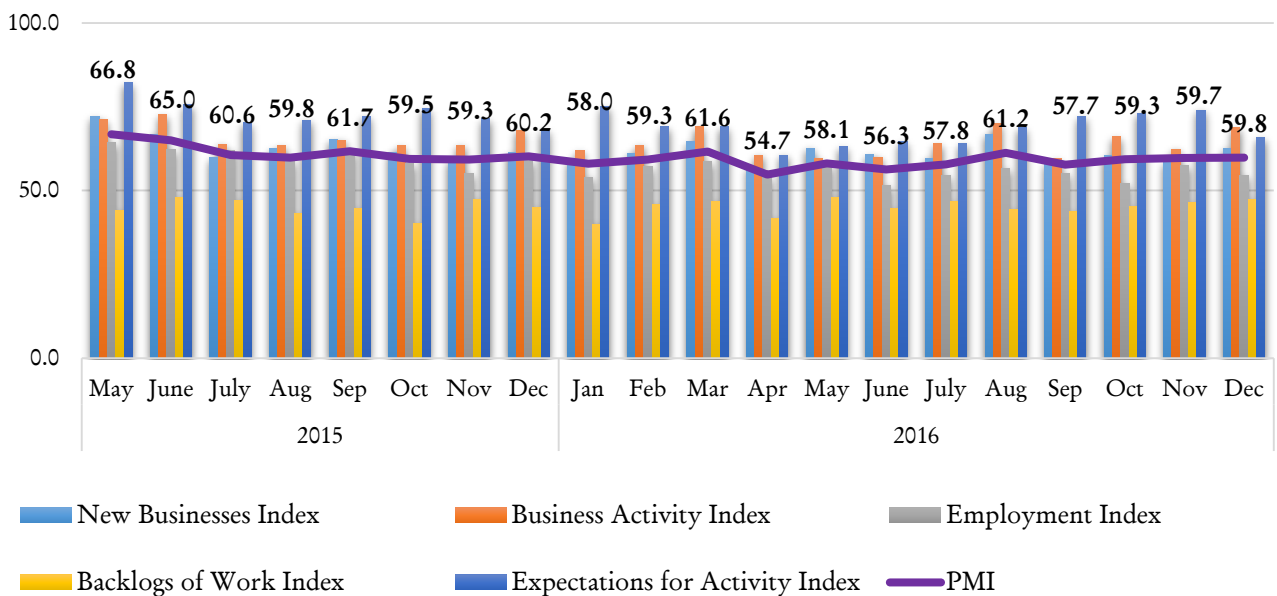
- **The Manufacturing sector PMI** was 58.3 in December indicating that the manufacturing activities continued to expand in December 2016. This was mainly due to the higher pace in which New orders sub-index expanded during the month compared to November together with the positive contribution from Production sub-index. The Employment and Stock of Purchases sub-indices decelerated in December compared to November indicating the higher number of holidays during the festive season and usage of previously held stocks for the season while Suppliers' Delivery Time remain moderated. Overall data points to an expansion where all the sub-indices are above the neutral 50.0 threshold. The activities expected to grow for the next three months yet at a slower rate compared to the expectations in November.
- **The Services Sector PMI** increased marginally to 59.8 index points in December from 59.7 index points in November 2016. The increase in PMI over the last month's value indicates that economic activities in the Services sector expanded at a marginally higher rate in December 2016 compared to the previous month. The increase in Services PMI was driven by increases in New Businesses and Business Activity sub-indices. Employment and Expectations for Activity sub-indices declined in December 2016 compared to previous month. However, Backlogs of Work declined in December albeit at slower rate than November 2016. Prices Charged, which is not taken into consideration in PMI compilation process, increased at a slower rate in December, compared to November 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 | 57.7 | 56.5 | 58.4 | 58.3 |
| 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 |

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.