

RESULTS OF PMI MANUFACTURING AND PMI SERVICES INDICES

KEY POINTS:

Manufacturing activities slowed down in November

The slowdown observed in manufacturing activities in November was mainly driven by the slowdown in new orders and production, especially in manufacturing of textiles, wearing apparels, leather and related activities. However, new orders and production in the manufacturing of food and beverages activities has improved with the Christmas season demand. Employment remains unchanged during the period due to the difficulties in recruiting additional employees, especially in manufacturing of furniture activities.

Variable	Oct.	Nov.	+/-	Summary
PMI	58.2	54.3	-	Rising, Slower rate
Sub-Indices of PMI				
New Orders	59.0	54.0	-	Rising, Slower rate
Production	61.0	54.0	-	Rising, Slower rate
Employment	55.0	55.0	=	Rising, Same rate
Stock of Purchases	61.0	57.5	-	Rising, Slower rate
Suppliers' Delivery Time	54.0	52.5	-	Lengthening, Slower rate

Meanwhile, overall Stock of purchases indicated a slowdown, mainly due to the subdued production of manufacturing of textiles, wearing apparels, leather and related products. Suppliers' delivery time lengthened at a slower rate which is mainly driven by the reduction of lead time on demand, for supplies related to manufacturing of food and beverages activities to speed up their production.

All the sub-indices of PMI Manufacturing recorded values above the neutral 50.0 threshold signalling an overall expansion in November yet at a slower pace compared to October 2018.

PMI
Index Value
54.3

Decrease of
3.9 index points
compared to
October 2018

PMI - Manufacturing

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
2017											2018											

**The World Outlook:
Manufacturing PMI**

The global manufacturing PMI recorded a value of 52.0 in November and remains unchanged from October.

Manufacturing PMIs of Eurozone and USA slowed down in November 2018 while those of China, India, Russia and UK improved.

(Source: Markit 1 as at 13th November 2018)

1 Markit is a leading global diversified provider of financial information services. It is identified as the global PMI compiler and compiles PMIs for over 30 countries and also for key regions including the Eurozone.

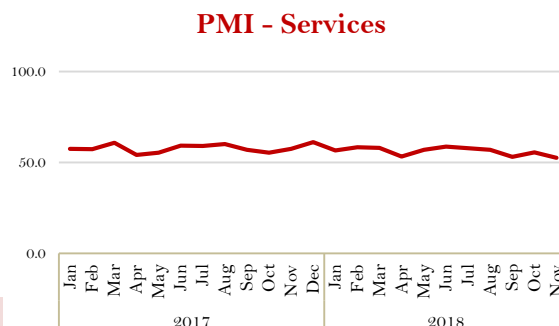
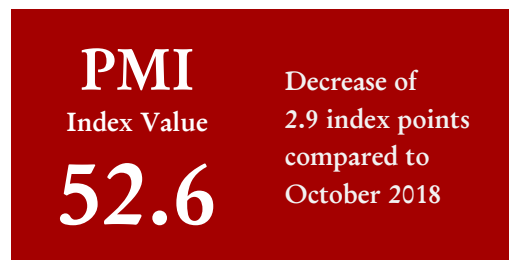
Services sector growth eases

The Services sector expanded at a slower pace in November 2018, recording the lowest index value since survey began in May 2015.

The slowdown in the Services sector was mainly due to the record low index value reported for Expectations for Activity. Further, a notable slowdown was also observed in New Businesses and Employment. The current political situation in the country and uncertainty on future policies weighed on respondents' Expectations for activity and the growth in New Businesses. However, on a positive note, business activities of wholesale & retail trade and accommodation, food & beverage sub sectors reported a growth due to upcoming festive season and the peak season for tourism.

Variable	Oct.	Nov.	+/-	Summary
PMI	55.5	52.6	-	Rising, Slower rate
Sub-Indices of PMI				
New Businesses	58.2	53.4	-	Rising, Slower rate
Business Activity	57.1	57.4	+	Rising, Higher rate
Employment	55.4	52.3	-	Rising, Slower rate
Backlogs of Work	43.1	44.6	-	Falling, Slower rate
Expectations for Activity	63.6	55.1	-	Positive, Slower rate

Prices Charged of the Services sector increased due to depreciation of the local currency. However, some respondents cited that the recent reduction in fuel prices would cause a less than expected increase in their output prices. The expected Labour Cost in the services sector also increased during November due to bonus payments and increments.



The World Outlook: Services PMI

Global services PMI rose to a four-month high of 53.7, up from 53.4 in October, and has now signalled growth throughout the past 112 months. All of the nations covered by the survey saw business activity expand during November.

Services PMIs of Japan, China, UK, India and USA indicated their services sectors improved in November compared to October.

(Source: Markit¹ as at 13th December 2018)

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.	