

November
2023

SL Purchasing Managers' Index

Manufacturing and Services



STATISTICS DEPARTMENT
CENTRAL BANK OF SRI LANKA

Both Manufacturing and Services Purchasing Managers' Indices recorded an increase in November 2023

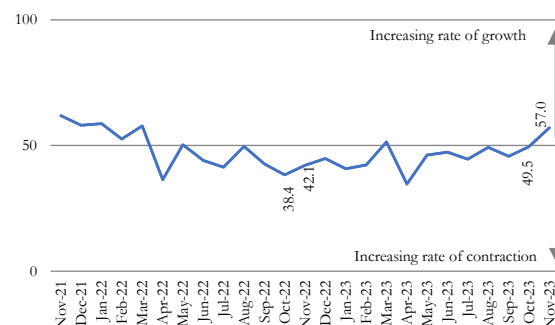
Manufacturing PMI increased to 57.0 on a month-on-month basis in November 2023, driven by the seasonal factors. The index exceeded the neutral threshold after March 2023, with a positive contribution from all the sub-indices.

The increases in New Orders were largely driven by the manufacture of food & beverages and textiles & apparel sectors. Moreover, the increase in Production was largely due to the manufacture of food & beverages sector, owing to the seasonal demand. Further, Employment and Stock of Purchases also increased on a month-on-month basis in line with the improvements in New Orders and Production. Moreover, Suppliers' Delivery Time lengthened during November compared to the previous month, indicating the tightened supply conditions.

Manufacturing
PMI
November 2023

57.0

PMI - Manufacturing



Source: Central Bank of Sri Lanka

Variable	Oct.	Nov.	+/-	Summary
PMI	49.5	57.0	+	Rising from Falling
Sub-Indices of PMI				
New Orders	50.5	60.5	+	Rising, Higher Rate
Production	49.5	59.5	+	Rising from Falling
Employment	46.5	51.5	+	Rising from Falling
Stock of Purchases	52.5	59.5	+	Rising, Higher Rate
Suppliers' Delivery Time	49.5	51.5	+	Lengthening from Shortening

Source: Central Bank of Sri Lanka

The overall expectation for the manufacturing activities remained positive for the next three months, mainly attributable to the gradual recovery in economic activities. However, the firms are concerned about the tax revisions, which will be effective from January 2024.

The World Outlook: Manufacturing PMI

The global manufacturing PMI recorded a value of 49.3 in November 2023, with an increase of 0.5 index points from October.

Manufacturing PMIs of China, India, and Singapore improved at a higher pace in November 2023, while it remained at same level in Russia compared to the previous month. However, manufacturing PMIs of Eurozone, UK, and USA deteriorated in November 2023 compared to the previous month.

Source: S&P Global¹ as at 14th December, 2023

¹S&P Global is identified as the global PMI compiler and compiles PMIs for over 40 economies worldwide.

Services sector PMI recorded an index value of 59.4 in November 2023 indicating an accelerated expansion in the services activities. This was led by the increases observed in New Businesses, Business Activities, Employment and Expectations for Activity.

New Businesses increased in November 2023 compared to October 2023, particularly with the increases observed in financial services, professional services and accommodation, food and beverages sub-sectors.

Business Activities continued to expand in November 2023 in line with the positive developments observed in most of the sub-sectors. Accordingly, significant improvements were observed in business activities related to other personal activities and accommodation, food and beverage sub-sectors driven by the sharp increase in tourist arrivals. Financial services improved further in line with the increase in credit demand following the recent reductions in policy rates. Meanwhile, wholesale and retail trade sub-sector also continued to grow amid the festive season supported by the seasonal discounts offered.

Employment increased as new recruitments were made to meet the seasonal demand, whereas Backlogs of Work continued to decline during November.

Variable	Oct.	Nov.	+/-	Summary
PMI	56.2	59.4	+	Rising, Higher Rate
<u>Sub-Indices of PMI</u>				
New Businesses	58.5	57.6	-	Rising, Slower Rate
Business Activity	63.0	63.6	+	Rising, Higher Rate
Employment	45.0	58.5	+	Rising from Falling
Backlogs of Work	46.2	45.6	-	Falling, Higher Rate
Expectations for Activity	68.5	71.7	+	Rising, Higher Rate

Source: Central Bank of Sri Lanka

Expectations for Business Activities for the next three months continued to increase in November due to festive and tourist seasons. However, some respondents expressed their concerns regarding the amendments to Value Added Tax w.e.f. 01 January 2024.

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 declining on month-on-month basis

PMI>50 - sector is generally expanding 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 target of 100 responses for each.

Definitions of Variables

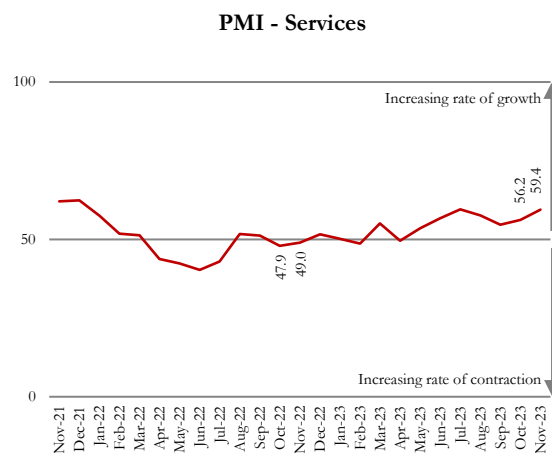
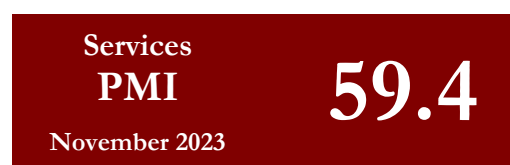
Employment : Number of staff working for the organization

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

Other variables are self-explanatory.



Source: Central Bank of Sri Lanka

The World Outlook: Services PMI

Global services PMI posted 50.6 in November 2023 signalling an expansion in global services activities.

Services PMIs of China, India, US, UK and Japan indicated that their services sectors expanded in November 2023 compared to the previous month.

Source: S&P Global¹ as at 14th December 2023