

December  
2023

# SL Purchasing Managers' Index

## Construction



STATISTICS DEPARTMENT  
CENTRAL BANK OF SRI LANKA

Construction PMI, as reflected by the Total Activity Index value of 48.6 in December 2023, indicated a slower contraction in construction activities compared to last month. The respondents mentioned that the limited availability of project work continued to hamper the activity levels.

New Orders declined in December, broadly at a similar pace compared to the previous month. Many respondents mentioned that currently they are heavily relying on foreign-funded projects. Meanwhile, Employment contracted mainly due to the layoffs in line with the project completions. Further, Quantity of Purchases remained contracted during the month since the ongoing work and the upcoming projects continued to decline. In the meantime, Suppliers' Delivery Time remained lengthened in December.

Variable	Nov.	Dec.	+/-	Summary
<b>Total Activity</b>	<b>44.3</b>	<b>48.6</b>	<b>+</b>	<b>Falling, Slower rate</b>
New Orders	45.7	45.8	+	Falling, Slower rate
Employment	35.7	40.3	+	Falling, Slower rate
Quantity of Purchases	42.9	47.2	+	Falling, Slower rate
Suppliers' Delivery Time	51.4	51.4	=	Lengthening, Same rate

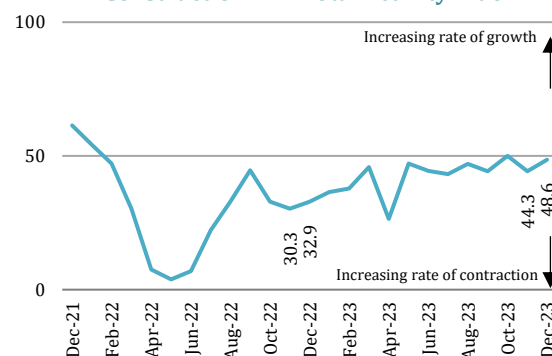
Source: Central Bank of Sri Lanka

With the lack of upcoming projects and the impact of tax revisions on price levels, the industry outlook for the next three months is on the downside.

**Total Activity**  
Index Value  
December 2023

**48.6**

### Construction PMI Total Activity Index



Source: Central Bank of Sri Lanka

### Compilation: PMI<sup>1</sup>

PMI is calculated as a 'Diffusion Index', where it takes values between 0 and 100.

PMI = 50; sector remains neutral

PMI > 50; sector is generally expanding

PMI < 50; sector is generally contracting

### Definitions of Variables

**Total Activity:** Total volume of construction activity. This is the headline index referred to as the 'Construction PMI' following the international practice, which is comparable to the Manufacturing Production Index and Services Business Activity Index.

**Employment:** Number of staff working for the organization

**Quantity of Purchases:** Raw materials purchased and kept in a warehouse to be used for production.

**Suppliers' Delivery Time:** Time lag between order placement and delivery by the supplier

Other variables are self-explanatory.

### Survey Responses

The survey is conducted targeting highest graded local construction companies registered in the Construction Industry Development Authority covering around 35 responses to capture month on month developments.

<sup>1</sup>PMI is compiled using the methodology followed by S&P Global which is identified as the global PMI compiler and compiles PMIs for over 40 economies worldwide.