

February  
2024

# SL Purchasing Managers' Index

## Manufacturing and Services



STATISTICS DEPARTMENT  
CENTRAL BANK OF SRI LANKA

### Purchasing Managers' Indices indicate improvements in Manufacturing and Services activities in February 2024

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 56.0 in February 2024, indicating a continued expansion in manufacturing activities. This improvement was attributable to the increases observed in all sub-indices.

The expansion in New Orders and Production was mainly driven by the manufacture of food & beverages sector. Many respondents mentioned that they are preparing for the upcoming festive demand. However, New Orders and Production in the manufacture of textiles & apparel sector decreased on a month-on-month basis. Meanwhile, Employment and Stock of Purchases expanded during the month in line with the New Orders and Production. Further, Suppliers' Delivery Time continued to lengthen in February, on par with the expansion in manufacturing activities and prolonged shipping disruptions caused by the Red Sea crisis.

#### Summary of the PMI - Manufacturing Survey

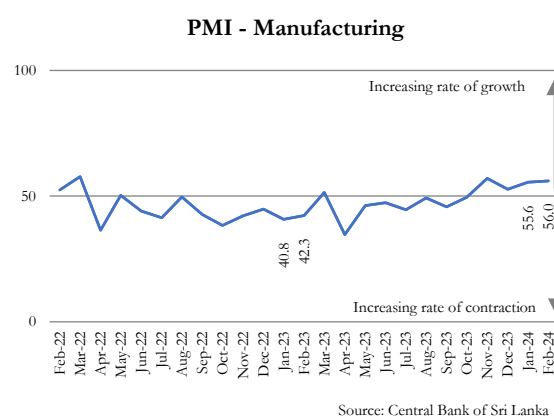
| Variable                   | Jan.        | Feb.        | +/-      | Direction                  |
|----------------------------|-------------|-------------|----------|----------------------------|
| <b>PMI - Manufacturing</b> | <b>55.6</b> | <b>56.0</b> | <b>+</b> | <b>Rising, Higher Rate</b> |
| New Orders                 | 55.5        | 57.0        | +        | Rising, Higher Rate        |
| Production                 | 54.5        | 55.0        | +        | Rising, Higher Rate        |
| Employment                 | 55.1        | 54.0        | -        | Rising, Slower Rate        |
| Stock of Purchases         | 55.5        | 56.0        | +        | Rising, Higher Rate        |
| Suppliers' Delivery Time   | 58.2        | 58.6        | +        | Lengthening, Higher Rate   |

Source: Central Bank of Sri Lanka

Expectations for the manufacturing activities for the next three months remain positive, mainly due to the upcoming festival season.

**PMI**  
**Manufacturing**  
**February 2024**

**56.0**



#### The World Outlook Summary of PMI Manufacturing

| Country/Territory | Direction                 |
|-------------------|---------------------------|
| Global            | Improved from Neutral     |
| India             | Improved, Higher Rate     |
| China             | Improved, Higher Rate     |
| US                | Improved, Higher Rate     |
| UK                | Deteriorated, Slower Rate |
| Eurozone          | Deteriorated, Higher Rate |

Source: S&P Global<sup>1</sup> as of 15 March 2024 (PMI Releases ([spglobal.com](https://spglobal.com)))

<sup>1</sup>S&P Global compiles PMIs for over 40 economies worldwide.

Sri Lanka Purchasing Managers' Index for Services (PMI – Services) indicated an expansion in services activities in February 2024 as reflected by the Business Activity Index, which recorded an index value of 53.0.

The continued expansion in Business Activities was driven by the improvements observed across several sub-sectors. Accordingly, business activities in financial services sub-sector increased further aligning with the prevailing low market interest rates. Further, positive developments were also recorded in transportation and education sub-sectors during the month. Meanwhile, accommodation, food and beverage sub-sector continued to grow amid tourist arrivals recording the highest since January 2020.

New Businesses increased in February, particularly with the increases observed in transportation and financial services sub-sectors.

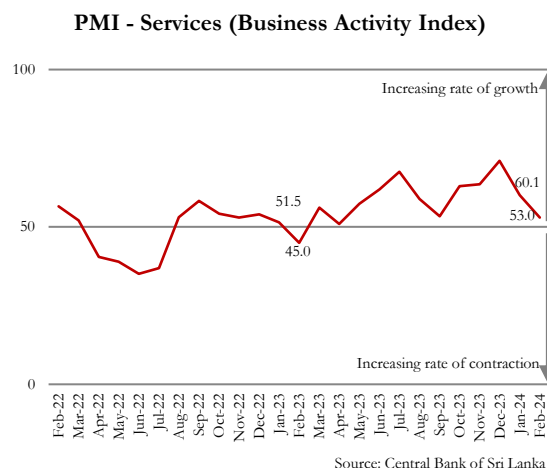
Employment increased due to new recruitments made by several companies ahead of the festive season. Meanwhile, Backlogs of Work continued to decline during February.

#### Summary of the PMI - Services Survey

| Variable  | Jan.        | Feb.        | +/-      | Direction                  |
|---|-------------|-------------|----------|----------------------------|
| <b>PMI - Services (Business Activity Index)</b> | <b>60.1</b> | <b>53.0</b> | <b>-</b> | <b>Rising, Slower Rate</b> |
| New Businesses                                  | 54.0        | 54.5        | +        | Rising, Higher Rate        |
| Employment                                      | 48.5        | 51.0        | +        | Rising from Falling        |
| Backlogs of Work                                | 46.7        | 44.6        | -        | Falling, Higher Rate       |
| Expectations for Activity                       | 69.8        | 71.2        | +        | Rising, Higher Rate        |

Source: Central Bank of Sri Lanka

Expectations for Business Activities for the next three months continued to rise in February due to upcoming New Year and Ramadan season.



#### The World Outlook: Summary of PMI Services

| Country/Territory | Direction                   |
|-------------------|-----------------------------|
| Global            | Improved, Higher Rate       |
| India             | Improved, Slower Rate       |
| China             | Improved, Slower Rate       |
| US                | Improved, Slower Rate       |
| UK                | Improved, Slower Rate       |
| Eurozone          | Improved from Deterioration |

Source: S&P Global<sup>1</sup> as of 15 March 2024 (PMI Releases ([spglobal.com](https://spglobal.com)))

#### Technical Note

##### Methodology

Questionnaires are completed in the first half of the succeeding month. For each variable, respondents are asked to report an increase, decrease or no change compared with the previous month, and to provide reasons for any changes. The index compilation and interpretation of indices follow the survey methodology of S&P Global.

**PMI – Manufacturing**, which is considered as the headline index for Manufacturing, is a weighted average of New Orders, Output, Employment, Suppliers' Delivery Time and Stocks of Purchases.

The Services Business Activity Index is the headline index for Services, which is referred to as the **PMI – Services**, as per the international best practices. The Services Business Activity Index is comparable to the Manufacturing Production Index.

##### 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 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.