

March
2024

SL Purchasing Managers' Index

Construction



STATISTICS DEPARTMENT
CENTRAL BANK OF SRI LANKA

Sri Lanka Purchasing Managers' Index for Construction (PMI – Construction) indicates an expansion in construction activities in March, as reflected by the Total Activity Index, which recorded an index value of 55.9. This is the third consecutive month that the index remained above the neutral threshold, denoting a steady improvement in construction activities.

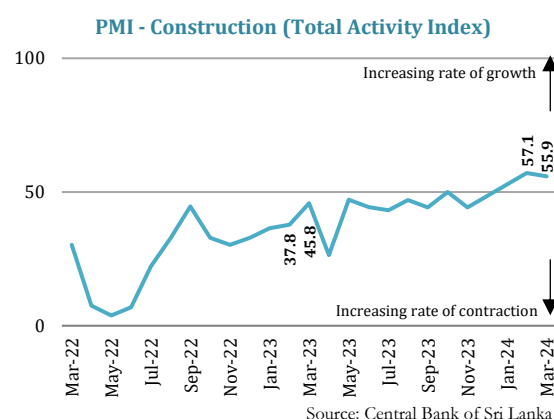
New Orders increased in March at a slower pace on month-on-month basis. Most respondents mentioned that projects are available to tender yet there is stiff competition in pricing. The Employment continued to decline in the backdrop of continuous turnover of experienced staff and cautious hiring of employees. Quantity of Purchases increased during the month in parallel to the increase in activity levels. Further, price levels of certain types of construction materials declined during the month. Meanwhile, in March, Suppliers' Delivery Time lengthened at the same rate as in the previous month.

Summary of the PMI - Construction Survey

Variable	Feb.	Mar.	+/-	Direction
PMI - Construction (Total Activity Index)	57.1	55.9	-	Rising, Slower Rate
New Orders	58.6	51.5	-	Rising, Slower Rate
Employment	45.7	44.1	-	Falling, Higher Rate
Quantity of Purchases	58.6	55.9	-	Rising, Slower Rate
Suppliers' Delivery Time	52.9	52.9	=	Lengthening, Same rate

Source: Central Bank of Sri Lanka

Most of the firms expect the construction activities to remain at the current level for the next three months.



The World Outlook: Summary of PMI Construction

Country/Territory	Direction
Eurozone	Deteriorated, Higher Rate
France	Deteriorated, Higher Rate
Germany	Deteriorated, Higher Rate
Ireland	Improved from Deterioration
Italy	Improved, Same Rate
UK	Improved from Deterioration

Source: S&P Global ¹ as of 30 April 2024 ([PMI Releases \(spglobal.com\)](https://www.spglobal.com))

¹S&P Global compiles PMIs for over 40 economies worldwide.

Technical Note

Methodology

The index compilation and interpretation of indices follow the survey methodology of S&P Global.

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

Definitions of Variables

Employment : Number of staff working for the organization

Quantity 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

Other variables are self-explanatory.