

August  
2024

# SL Purchasing Managers' Index

## Manufacturing and Services



STATISTICS DEPARTMENT  
CENTRAL BANK OF SRI LANKA

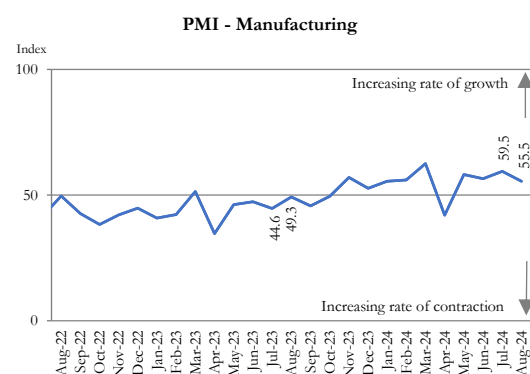
### Purchasing Managers' Indices indicate expansions in both Manufacturing and Services activities in August 2024

**Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 55.5 in August 2024.**

This indicates an expansion in manufacturing activities, yet at a slower rate compared to the previous month. All the sub-indices, except for Employment, remained above the neutral threshold in August.

The expansion in New Orders and Production was mainly driven by the manufacture of food & beverages sector. Further, Stock of Purchases expanded during the month in line with the New Orders and Production. However, Employment decreased on a month-on-month basis in August. Meanwhile, Suppliers' Delivery Time continued to lengthen during the month.

**PMI**  
**Manufacturing**  
**August 2024**  
**55.5**



Source: Central Bank of Sri Lanka

#### Summary of the PMI - Manufacturing Survey

Variable	Jul.	Aug.	+/-	Direction
PMI - Manufacturing	59.5	55.5	-	Rising, Slower Rate
New Orders	62.0	58.5	-	Rising, Slower Rate
Production	61.5	59.5	-	Rising, Slower Rate
Employment	54.0	45.0	-	Falling from Rising
Stock of Purchases	60.5	56.0	-	Rising, Slower Rate
Suppliers' Delivery Time	57.6	56.2	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for manufacturing activities over the next three months remain positive, primarily due to the optimistic outlook on year-end seasonal demand, in spite of the election uncertainties.

#### The World Outlook Summary of PMI Manufacturing

Country/Territory	Direction
Global	Falling, Higher Rate
India	Rising, Slower Rate
China	Rising from Falling
US	Falling, Higher Rate
UK	Rising, Higher Rate
Eurozone	Falling, Same Rate

Source: S&P Global <sup>1</sup> as of 18 September 2024 (PMI Releases ([spglobal.com](https://www.spglobal.com)))

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

Sri Lanka Purchasing Managers' Index for Services (PMI – Services), as reflected by the Business Activity Index, recorded an index value of 65.2 in August 2024. This indicates a slower expansion in services activities compared to the previous month.

The expansion in Business Activities was driven by the improvements observed across most sectors. Accordingly, business activities in the other personal services grew mainly due to improvements in entertainment and recreation activities. Further, business activities in the wholesale and retail trade, transportation services and financial services also indicated a considerable growth during the month. However, business activities in the telecommunication, real estate and IT programming consultancy related activities remained at the same level as in the previous month, while activities in all other sectors recorded improvements.

New Businesses increased in August, particularly with the expansions observed in other personal and financial services activities.

Employment continued to decline marginally in August, as in the previous month. However, Backlogs of Work improved during the month after a continuous decline over the past twenty-four months.

#### Summary of the PMI - Services Survey

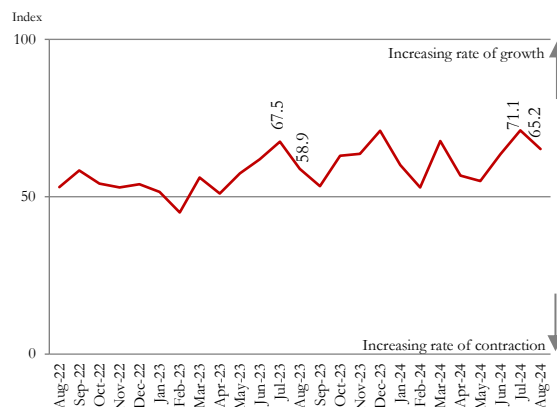
Variable	Jul.	Aug.	+/-	Direction
<b>PMI - Services (Business Activity Index)</b>	<b>71.1</b>	<b>65.2</b>	-	Rising, Slower Rate
New Businesses	66.2	61.2	-	Rising, Slower Rate
Employment	49.0	48.0	-	Falling, Higher Rate
Backlogs of Work	48.4	51.1	+	Rising from Falling
Expectations for Activity	74.7	68.8	-	Rising, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for Business Activities for the next three months continued to improve, although at a slower rate, supported by favourable macroeconomic conditions.



#### PMI - Services (Business Activity Index)



Source: Central Bank of Sri Lanka

#### The World Outlook Summary of PMI Services

Country/Territory	Direction
Global	Rising, Higher Rate
India	Rising, Higher Rate
China	Rising, Slower Rate
US	Rising, Higher Rate
UK	Rising, Higher Rate
Eurozone	Rising, Higher Rate

Source: S&P Global <sup>1</sup> as of 18 September 2024 ([PMI Releases \(spglobal.com\)](https://www.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.	