

October
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 October 2024

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) increased to 58.1 in October 2024, indicating a further expansion in manufacturing activities. This improvement was mainly driven by the seasonal demand, with positive contributions from all the sub-indices.

New Orders sub-index remained elevated in October as firms continued to receive production orders for the upcoming festive season, mainly for food & beverages sector. Further, the firms had ramped up their production processes, increasing the Production sub-index during the month. Moreover, Employment and Stock of Purchases sub-indices showed month-on-month increases, aligned with the expansions in New Orders and Production. Meanwhile, Suppliers' Delivery Time remained lengthened during the month.

Summary of the PMI - Manufacturing Survey

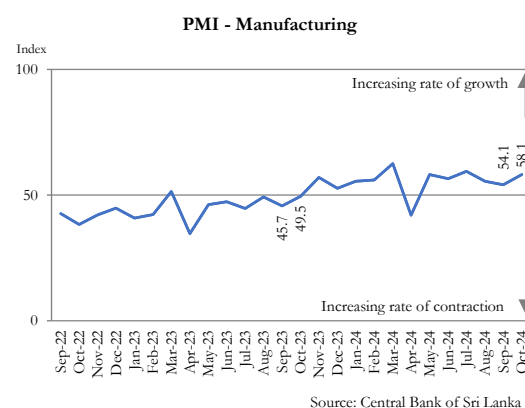
Variable	Sep.	Oct.	+/-	Direction
PMI - Manufacturing	54.1	58.1	+	Rising, Higher Rate
New Orders	57.5	58.5	+	Rising, Higher Rate
Production	53.0	62.6	+	Rising, Higher Rate
Employment	47.0	52.0	+	Rising from Falling
Stock of Purchases	57.0	62.5	+	Rising, Higher Rate
Suppliers' Delivery Time	56.7	55.1	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

The outlook for manufacturing activities for the next three months remains favourable, largely supported by the optimism associated with the upcoming season.

PMI
Manufacturing
October 2024

58.1



The World Outlook Summary of PMI Manufacturing

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

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

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

Sri Lanka Purchasing Managers' Index for Services (PMI – Services) indicated a further expansion in services activities in October 2024 as reflected by the Business Activity Index, which recorded an index value of 60.3.

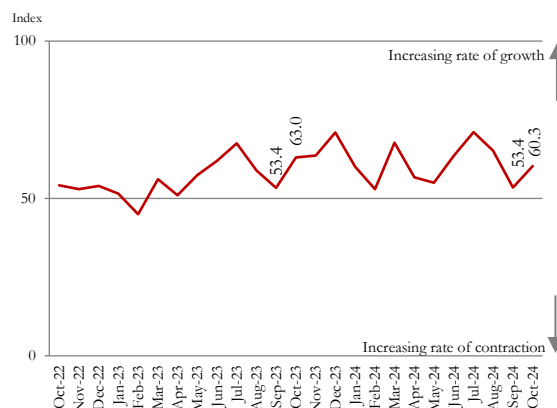
The expansion in Business Activities was driven by the improvements observed across most of the key sectors. Accordingly, business activities in the financial services experienced a significant improvement, primarily driven by the existing favorable interest rates, which boosted lending activities. Further, business activities in education, wholesale and retail trade, real estate and insurance also recorded notable improvements. However, business activities in the IT programming, programming and broadcasting declined during the month, while accommodation and telecommunication, remained unchanged, when compared to the previous month.

New Businesses increased in October, especially due to considerable expansions in financial services activities.

Meanwhile, Employment and Backlogs of Work continued to decline in October on month-on-month basis.



PMI - Services (Business Activity Index)



Source: Central Bank of Sri Lanka

Summary of the PMI - Services Survey

Variable	Sep.	Oct.	+/-	Direction
PMI - Services (Business Activity Index)	53.4	60.3	+	Rising, Higher Rate
New Businesses	53.5	58.8	+	Rising, Higher Rate
Employment	48.5	47.9	-	Falling, Higher Rate
Backlogs of Work	48.5	48.9	+	Falling, Slower Rate
Expectations for Activity	72.4	77.6	+	Rising, Higher Rate

Source: Central Bank of Sri Lanka

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

The World Outlook Summary of PMI Services

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

Source: S&P Global ¹ as of 18 November 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.	