

Purchasing Managers' Indices indicate improvements in both Manufacturing and Services activities in May 2026

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 56.6 in May 2026, indicating an expansion in manufacturing activities compared to April 2026. All sub-index values recorded above the neutral threshold during the month, contributing to the overall increase in the index value. However, respondents continued to highlight the challenging operating environment associated with the Middle East conflict.

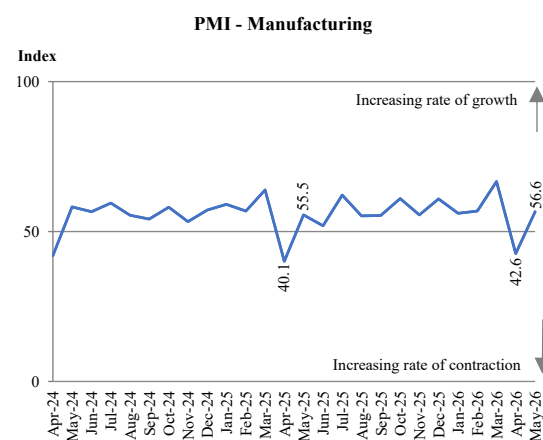
The increases in the New Orders and Production sub-indices were mainly driven by the manufacture of food & beverages and textiles & manufacture of wearing apparel sectors. The increase in production activities was mainly supported by the higher number of working days that prevailed in May compared to the previous month. Moreover, the Stock of Purchases increased during the month, in line with the increase in New Orders and Production. Meanwhile, Suppliers' Delivery Time remained lengthened in May.

Summary of the PMI - Manufacturing Survey

Variable	Apr.	May	+/-	Direction
PMI - Manufacturing	42.6	56.6	+	Rising from Falling
New Orders	36.4	52.6	+	Rising from Falling
Production	30.5	54.6	+	Rising from Falling
Employment	47.0	59.7	+	Rising from Falling
Stock of Purchases	44.0	52.6	+	Rising from Falling
Suppliers' Delivery Time	68.7	66.3	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for manufacturing activities over the next three months remained above the neutral threshold, while risks associated with the Middle East conflict continued to weigh on business sentiments.



Source: Central Bank of Sri Lanka

The World Outlook Summary of PMI Manufacturing

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

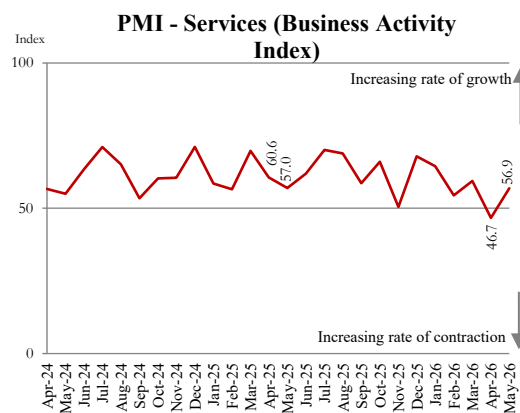
Source: S&P Global ¹ as of 15 June 2026 (PMI Releases (spglobal.com))

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

Sri Lanka Purchasing Managers’ Index for Services (PMI – Services) recorded an index value of 56.9 in May 2026, indicating an expansion in services activities compared to the previous month.



Business Activity in the services sector rebounded in May 2026 following a decline in the previous month. The expansion was primarily driven by the financial, professional, and other personal services sub-sectors, while real estate, IT programming, and goods transportation also recorded notable growth.



Source: Central Bank of Sri Lanka

New businesses increased in May 2026, primarily driven by growth in financial and professional services sectors. The wholesale and retail trade, other personal services, and goods transportation sectors also contributed to this increase.

Employment declined in May 2026 due to contract expirations, retirements, and resignations. Meanwhile, Backlogs of Work continued to decline at a faster rate than in the previous month.

Summary of the PMI - Services Survey

Variable	2026 Apr.	2026 May.	+/-	Direction
PMI - Services (Business Activity Index)	46.7	56.9	+	Rising from Falling
New Businesses	48.9	58.0	+	Rising from Falling
Employment	44.4	49.4	+	Falling, Slower Rate
Backlogs of Work	48.8	48.1	-	Falling, Higher Rate
Expectations for Activity	65.9	64.7	-	Rising, Slower Rate

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, Higher Rate
US	Rising, Slower Rate
UK	Falling from Rising
Eurozone	Falling, Slower Rate

Source: S&P Global ¹ as of 15 June 2026 (PMI Releases (spglobal.com))

Expectations for business activity over the next quarter remained positive, buoyed by an expected surge in tourist arrivals for the Perahera season and improved economic conditions. Nevertheless, broader global uncertainties continued to pose risks to this projected growth.

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 a month-on-month basis

PMI>50 - sector is generally expanding on a month-on-month basis

PMI<50 - sector is generally declining on a 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.