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CENTRAL BANK OF SRI LANKA

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# Press Release

Issued By Statistics Department

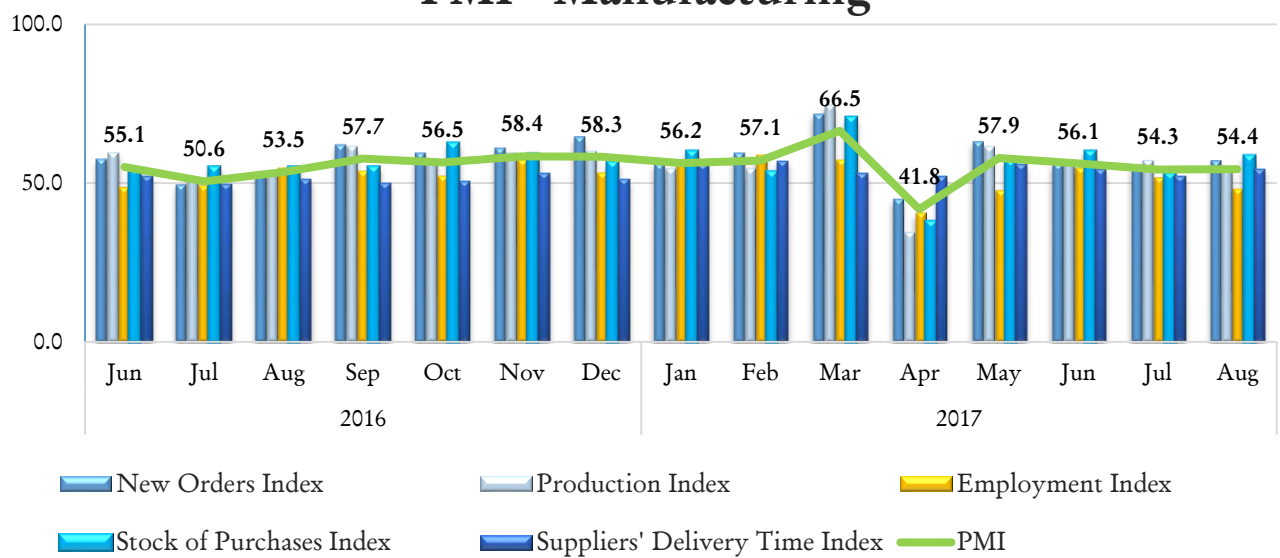
Date 15 September 2017

## SL Purchasing Managers' Index (PMI) Survey – August 2017

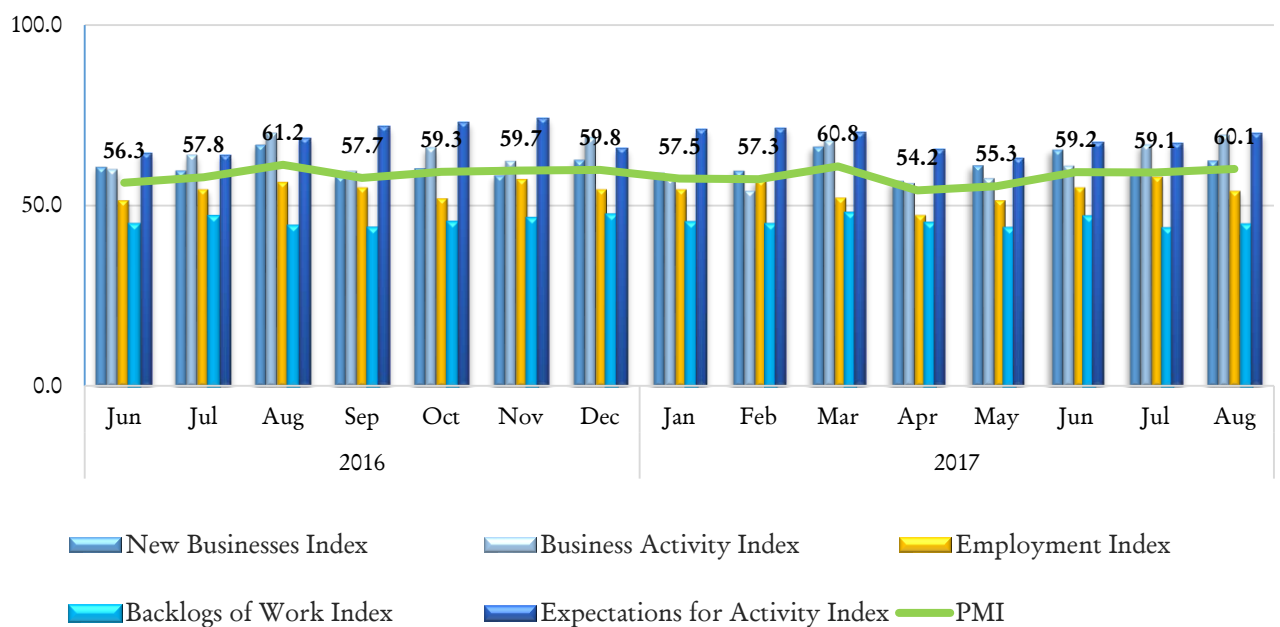
- **The Manufacturing Sector PMI** recorded 54.4 in August which is a slight increase of 0.1 index points compared to July 2017. The increase was driven by the increase in the Stock of purchases sub-index due to slow progress in production activities during the month and maintaining buffer stocks to cater to the already received new orders to be supplied in the future. Suppliers' Delivery Time lengthened mainly due to some company specific constraints. The Employment sub-index contracted due to the difficulties in finding unskilled employees in the market to address high labour turnover, especially in the apparel sector. However, all the sub-indices apart from the Employment sub-index of PMI recorded values above the neutral 50.0 threshold signalling an overall expansion in August. Moreover, the Expectation for activities remain positive for the next three months.
- **The Services Sector PMI** recorded 60.1 index points in August from 59.1 index points in July 2017. This indicates that the Services sector continued to expand in August 2017 compared to July 2017 driven by New Businesses, Business Activity and Expectations for Activity. Employment Level increased at a slower rate while Backlogs of Work declined in August 2017 compared to July 2017. Financial and Telecommunication sectors contributed to the expansion in New Businesses and Business Activity through introduction/expansion of technological reach to serve their clients and to improve efficiency of their services. The Accommodation, Food and Beverage sector also reported an increase in Business Activity. Prices Charged sub-index experienced an increase, mainly in Accommodation, Food and Beverage sector due to seasonal demand. Meanwhile, Expectations on Labour Cost sub-index continued to decline in August 2017.

	Y\M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PMI Manufacturing	2015	n.a.	n.a.	n.a.	n.a.	67.3	57.5	55.5	56.5	53.2	57.8	54.8	57.9
	2016	51.9	55.3	60.7	41.6	47.9	55.1	50.6	53.5	57.7	56.5	58.4	58.3
	2017	56.2	57.1	66.5	41.8	57.9	56.1	54.3	54.4	-	-	-	-
PMI Services	2015	n.a.	n.a.	n.a.	n.a.	66.8	65.0	60.6	59.8	61.7	59.5	59.3	60.2
	2016	58.0	59.3	61.6	54.7	58.1	56.3	57.8	61.2	57.7	59.3	59.7	59.8
	2017	57.5	57.3	60.8	54.2	55.3	59.2	59.1	60.1	-	-	-	-

## PMI - Manufacturing



## PMI - Services



Technical Note:

**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 minimum 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 due to increased flow of business activity

Other variables are self-explanatory.