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Press Release

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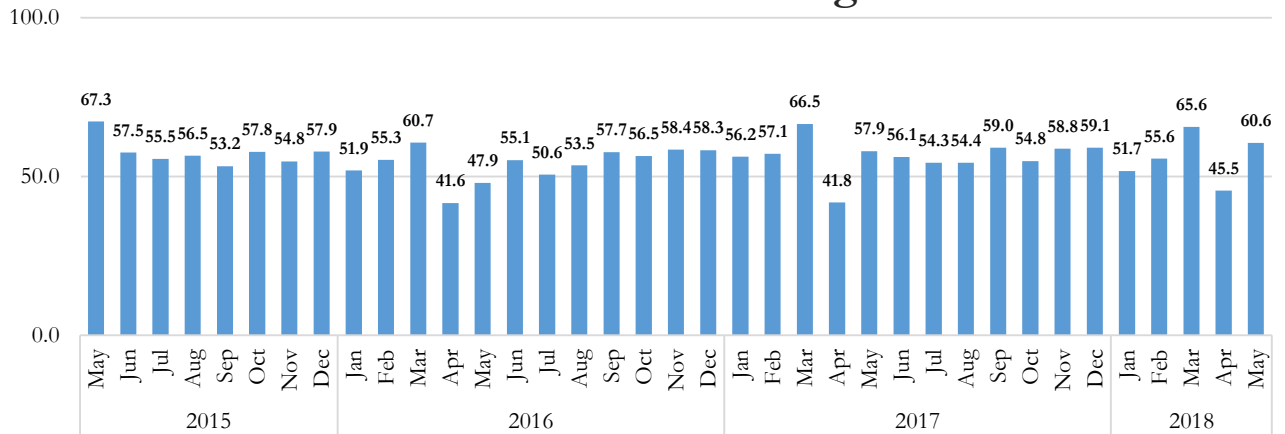
Date 18 June 2018

SL Purchasing Managers' Index (PMI) – May 2018

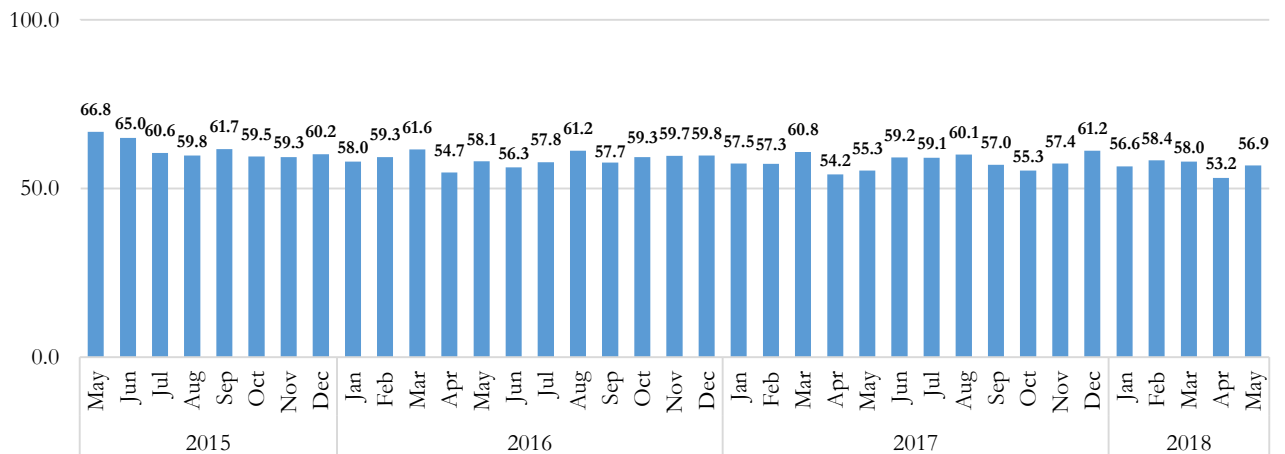
- **The Manufacturing Sector PMI** recovered in May following the seasonal contraction observed in the previous month and recorded an index value of 60.6 in May with an increase of 15.1 index points from April. The recovery of PMI was largely attributable to the significant increase in production to cater both the new orders received during the month and the uncompleted orders received in April due to the new year holidays, especially in the manufacturing of textiles, wearing apparel, leather and other related products. New Orders, Stock of Purchases and Employment sub-indices also increased during the month. However, the Employment sub-index in manufacturing of textiles, wearing apparel, leather and other related products still remains in the negative territory. Meanwhile, the Suppliers' Delivery Time sub-index marginally lengthened due to the adverse weather conditions prevailed in the latter part of the month. Overall, all the sub-indices of PMI recorded values above the neutral 50.0 threshold in May 2018 signalling an overall expansion in manufacturing activities during the month. Moreover, the Expectation for activities indicates an improvement for the next three months.
- **The Services Sector PMI** recorded 56.9 index points in May 2018 from 53.2 index points in April 2018. Services sector experienced a strong upturn in May following subdued activity levels seen in April and was mainly supported by the faster growth in New Businesses, Business Activity and Employment. The rise in New Businesses and Business Activities was mainly observed in Financial Services, Telecommunication and Transportation of goods and warehousing sectors. Respondents cited expansion of service delivery channels and technology based improvements as contributory factors to this growth. Employment in the services sector recovered in May 2018 in contrast to the decline observed during the previous month, due to accelerated pace of recruitments. Meanwhile, service providers' optimism on the three-month Business Outlook also strengthened at a modest pace while Backlogs of Work continued to decline in May 2018. Prices Charged by the service providers increased owing to upward revisions to transport charges and recent revisions to the tax structure. Expected Labour Cost in the services sector also increased due to expected salary increments for the year 2018.

	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	59.0	54.8	58.8	59.1
	2018	51.7	55.6	65.6	45.5	60.6	-	-	-	-	-	-	-
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	57.0	55.3	57.4	61.2
	2018	56.6	58.4	58.0	53.2	56.9	-	-	-	-	-	-	-

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.