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# Press Release

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## SL Purchasing Managers' Index (PMI) – March 2019

**Manufacturing activities accelerated** in March 2019 compared to February 2019. Manufacturing PMI reached a 46-month high and signalled a surge in manufacturing activities. The increase of PMI in March was largely attributable to increase in New Orders in line with the seasonal demand, especially in manufacturing of food and beverages.

PMI

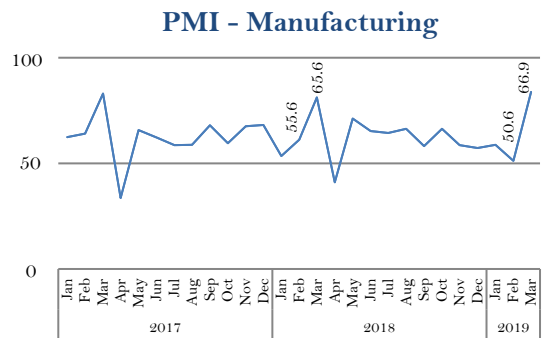
Index Value

66.9

Increase of 16.3 index points compared to February 2019

Variable	Feb.	Mar.	+/-	Summary
<b>PMI</b>	<b>50.6</b>	<b>66.9</b>	<b>+</b>	<b>Rising, Higher rate</b>
<b>Sub-Indices of PMI</b>				
New Orders	48.5	75.8	+	Rising from Falling
Production	48.0	74.2	+	Rising from Falling
Employment	53.0	57.1	+	Rising, Higher rate
Stock of Purchases	54.0	64.6	+	Rising, Higher rate
Suppliers' Delivery Time	53.5	51.5	-	Lengthening, Slower rate

Source: Central Bank of Sri Lanka



Source: Central Bank of Sri Lanka

The Production also increased significantly, with the intention of achieving expected production levels ahead of the new year holidays in April. The Stock of Purchases and Employment also increased during the month in line with tight production schedules. Most respondents, especially in textile and apparel sector, highlighted that they had to work overtime in order to timely fulfil the orders ahead of festival holidays. Further, lengthening of Suppliers' Delivery Time also contributed positively to the overall increase.

All sub-indices of PMI Manufacturing recorded values above the neutral 50.0 threshold signalling an overall expansion in manufacturing activities in March 2019 compared to February 2019.

### The World Outlook: Manufacturing PMI

The global manufacturing PMI recorded a value of 50.6 in March 2019 and remained unchanged from February 2019.

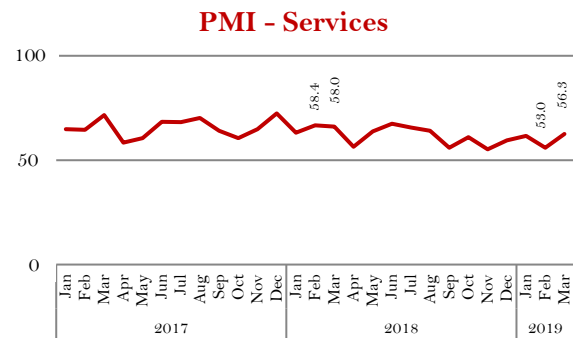
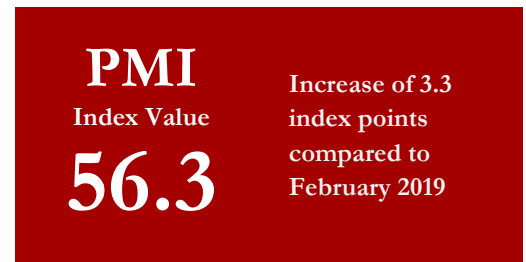
Manufacturing PMIs of USA, Eurozone and India slowed down in March 2019 while those of UK, China, Singapore and Russia improved.

Source: Markit<sup>1</sup> as at 12<sup>th</sup> April 2019

<sup>1</sup> Markit is a leading global diversified provider of financial information services. It is identified as the global PMI compiler and compiles PMIs for over 30 countries and also for key regions including the Eurozone.

**Services sector expanded at a higher rate in March 2019**, underpinned by accelerated expansion in New Businesses, Business Activity and Employment compared to February 2019. Business Activity sub index followed the usual seasonal upturn and reached three months high in March 2019 contributing significantly to the expansion in Services sector during the period.

The expansion in Business Activities was mainly seen across wholesale and retail trade, and transportation sub sectors due to new year festive season. Service providers' outlook on the three months business activities slowed down further in March 2019, as many respondents are taking a wait and see approach. Moreover, business activities of accommodation, food & beverage and other personal services sub sectors are expected to deteriorate since the upcoming period being the off peak season for tourism.



Source: Central Bank of Sri Lanka

Variable	Feb.	Mar.	+/-	Summary
<b>PMI</b>	<b>53.0</b>	<b>56.3</b>	<b>+</b>	<b>Rising, Higher rate</b>
<b>Sub-Indices of PMI</b>				
New Businesses	55.3	57.9	+	Rising, Higher rate
Business Activity	54.7	63.5	+	Rising, Higher rate
Employment	51.1	51.7	+	Rising, Higher rate
Backlogs of Work	43.3	48.1	+	Falling, Slower rate
Expectations for Activity	60.5	60.1	-	Positive, Slower rate

Source: Central Bank of Sri Lanka

Prices Charged in the Services sector increased at a slower rate in March 2019 due to marginal increase in fuel prices, while the expected Labour Cost in the services sector increased at a higher rate due to expected salary increments and incentives to be granted during festive season.

### *The World Outlook: Services PMI*

Global services PMI improved to 53.7 in March 2019 from 53.3 in February 2019 indicating a rise in the rate of expansion of global services sector output. It has now signalled growth in global services output for 116 successive months.

Services PMIs of Japan, China, India and USA indicated their services sectors improved in March compared to February 2019, while Services PMI of UK indicated a decline.

Source: Markit<sup>1</sup> as at 11<sup>th</sup> April 2019

## **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.	