



Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.
Tel: 2477424, 2477423, 2477311
Fax: 2346257, 2477739
E-mail: dcommunications@cbsl.lk, communications@cbsl.lk
Web: www.cbsl.gov.lk

Press Release

Issued By Statistics Department
Date 16 December 2019

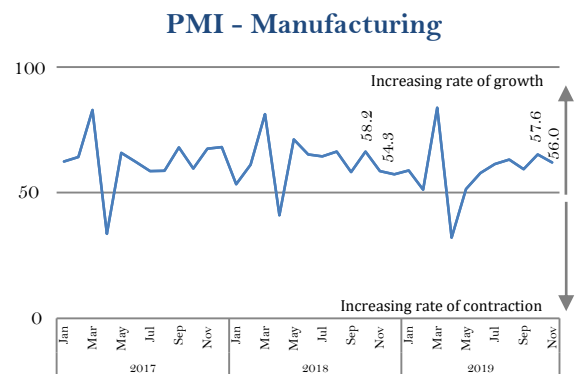
SL Purchasing Managers' Index (PMI) – November 2019

Manufacturing PMI expanded in November 2019 recording an index value of 56.0 mainly due to the expansion in New Orders, Production and Employment.

All the sub-indices indicated an expansion, yet at a slower pace compared to October 2019. New Orders and Production expanded at a slower rate mainly due to the slowdown in manufacturing of textile and wearing apparel. Employment slowed down marginally in line with these developments.

Although the New Orders and Production expanded at a slower pace, the Stock of purchases expanded at a higher rate due to intended accumulation of stocks to fulfil the future requirements anticipating supply delays due to upcoming Christmas and New Year holidays. Further, Suppliers' Delivery Time reached a neutral level indicating that it remains the same as in the previous month.

PMI
Index Value
56.0
Decrease of
1.6 index points
compared to
October 2019



Source: Central Bank of Sri Lanka

Variable	Oct.	Nov.	+/-	Summary
PMI	57.6	56.0	-	Rising, Slower Rate
Sub-Indices of PMI				
New Orders	59.7	57.1	-	Rising, Slower Rate
Production	60.2	57.1	-	Rising, Slower Rate
Employment	58.2	57.7	-	Rising, Slower Rate
Stock of Purchases	54.1	55.6	+	Rising, Higher Rate
Suppliers' Delivery Time	50.5	50.0	-	Lengthening to Neutral

Source: Central Bank of Sri Lanka

All sub-indices of PMI Manufacturing, except Suppliers' Delivery Time which was at the neutral level, exceeding the threshold of 50.0 (neutral) signalling an overall expansion in manufacturing activities during the month of November 2019.

The World Outlook: Manufacturing PMI

The global manufacturing PMI recorded a value of 50.3 in November 2019 with an increase of 0.5 index points from October 2019.

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

Source: Markit¹ as at 13th December 2019

¹ 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 for key regions including the Eurozone.

Services PMI reached a 16-month high to 57.4 index points in November 2019, supported by the expansion in New Businesses, Business Activity and Expectations for Activity.

The strongest growth was observed in Expectations for Activity, which posted the highest index value since June 2015. Respondents cited that they expect a greater stability in the political front, while being positive on their business growth underpinned by new tax revisions. Further, the upcoming peak season for tourism, festive season and the holiday season are expected to contribute favourably towards their businesses during the period ahead.

New Businesses increased, yet at a slower rate compared to the previous month, while Business Activities increased along with new technology based expansions. The increase in Business Activities were notable in Accommodation and Financial Services sectors.

Variable	Oct.	Nov.	+/-	Summary
PMI	56.9	57.4	+	Rising, Higher rate
<u>Sub-Indices of PMI</u>				
New Businesses	61.5	52.2	-	Rising, Slower rate
Business Activity	59.0	59.0	=	Rising, Same rate
Employment	44.0	49.4	+	Falling, Slower rate
Backlogs of Work	51.6	48.1	-	Falling, from Rising
Expectations for Activity	68.2	78.1	+	Rising, Higher rate

Source: Central Bank of Sri Lanka

Despite the increase in employment in sectors such as Accommodation, Wholesale/Retail Trade and Personal Services, the index on employment of the Services sector continued to remain below the 50-threshold level for the eighth consecutive month. Backlogs of Work also decreased in November, compared to October 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

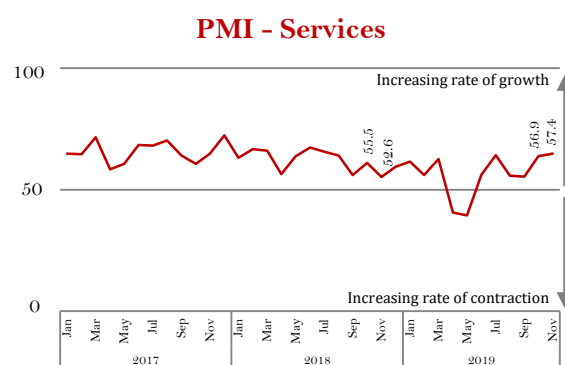
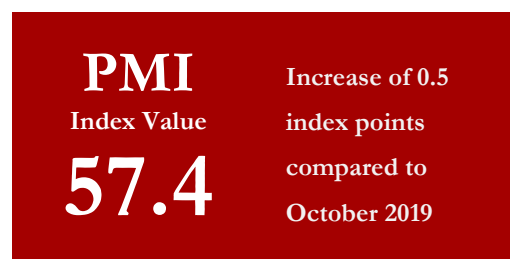
PMI<50 - sector is generally declining on month-on-month basis

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.	



Source: Central Bank of Sri Lanka

The World Outlook: Services PMI

Global services PMI increased to a three-month high in November 2019 reaching 51.6.

Services PMIs of India, US China and Japan indicated that their services sectors improved in November compared to October 2019, while UK indicated a decline in services activities.

(Source: Markit¹ as at 13th December 2019)