



**Issued By** Statistics Department  
**Date** 15.04.2021

## SL Purchasing Managers' Index (PMI) – March 2021

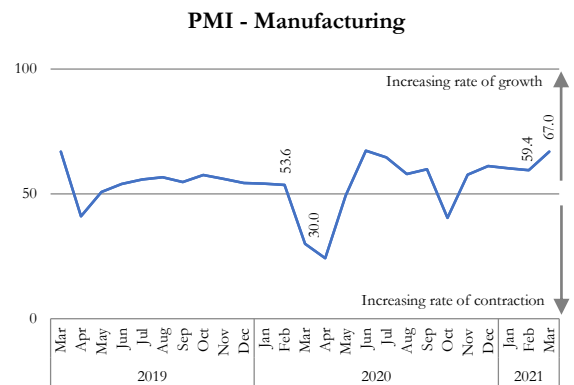
Purchasing Managers' Indices for both Manufacturing and Services activities expanded in March

Indicating a strong revival in manufacturing activities in the country, the manufacturing PMI reached a 9-month high at 67.0 in March 2021. This was largely attributable to the increases observed in Production, New Orders, and Stock of Purchases sub-indices.

The significant increases in New Orders and Production sub-indices, particularly in the manufacture of food & beverages and textile & wearing apparel sectors, have mainly contributed to the improvement in the overall index. Many respondents in the manufacture of food & beverages sector highlighted that they experienced higher levels of sales and production during March 2021 ahead of the New Year festival season. Further, respondents from the textile & wearing apparel sector mentioned that they increased production during the month to cover-up seasonal holidays.

Meanwhile, the Stock of Purchases sub-index increased in line with the expansion in New Orders and Production. Employment sub-index also expanded at a higher rate.

**Manufacturing PMI**  
 Index Value **67.0**  
 Increase of 7.6 index points compared to February 2021



Source: Central Bank of Sri Lanka

Variable	Feb	Mar	+/-	Summary
<b>PMI</b>	<b>59.4</b>	<b>67.0</b>	<b>+</b>	<b>Rising, Higher Rate</b>
<b>Sub-Indices of PMI</b>				
New Orders	60.6	73.9	+	Rising, Higher Rate
Production	61.7	72.9	+	Rising, Higher Rate
Employment	52.2	56.4	+	Rising, Higher Rate
Stock of Purchases	58.3	72.3	+	Rising, Higher Rate
Suppliers' Delivery Time	63.9	53.7	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

The Suppliers' Delivery Time sub-index lengthened at a slower pace during the month. Many respondents highlighted that some easing in suppliers' delivery time was experienced with the gradual resolute in shipping related issues. However, freight rates remain at elevated levels, increasing the cost of raw materials, which in turn adversely affected their profit margins.

Expectations for manufacturing activities in the next three months remained at improved levels anticipating a further improvement in economic activities within the country as well as in major export markets.

### The World Outlook: Manufacturing PMI

The global manufacturing PMI recorded a value of 55.0 in March 2021 with an increase of 1.1 index points from February.

Manufacturing PMIs of UK, Eurozone and USA increased at higher rates while those of India, Russia and China increased at slower rates in March 2021.

Source: Markit<sup>1</sup> as at 12<sup>th</sup> April 2021

<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 for key regions including the Eurozone.

**Services PMI rose to 62.1 in March 2021, indicating an expansion of the services sector for the fourth straight month.**

This increase was underpinned by the expansions observed in new businesses, business activities, employment and expectations for activity.

New businesses in the services sector increased in March 2021, particularly with the improvements observed in financial services, other personal services, and wholesale and retail trade sub-sectors.

For the fourth straight month, the business activities in the services sector increased in March 2021 with increases observed almost across all sub-sectors. Mainly, financial services sub-sector recorded a further improvement during the month in line with the progresses in economic activities. With the festive season, wholesale and retail trade, and transportation sub-sectors also expanded further. Moreover, other personal services sub-sector also experienced an increase in March 2021. Meanwhile, education sub-sector continued to expand amid the increased demand for higher education following G.C.E. Ordinary and Advanced Level examinations.

Employment increased in March 2021 for the first time after declining for 13 consecutive months due to new recruitments amidst growing business activities.

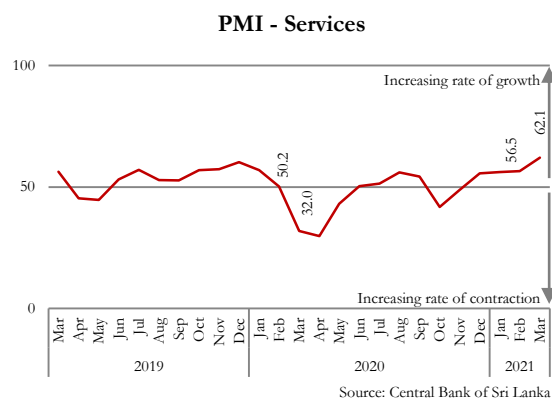
Backlogs of work decreased in March 2021 for the second month in row in line with the increase in staffing levels, which were previously at a low level due to COVID-19 related health concerns.

**Services PMI**

Index Value

**62.1**

Increase of  
**5.6 index points**  
compared to  
**February 2021**



**The World Outlook: Services PMI**

Global services PMI increased to 54.7 in March 2021 from 52.8 in February 2021, signalling a further expansion of global service activities.

Services PMIs of USA, China, UK and India indicated that their services sectors expanded in March 2021 compared to the previous month, while that of Japan indicated a deterioration.

*Source: Markit<sup>1</sup> as at 15<sup>th</sup> April 2021*

Variable	Feb	Mar	+/-	Summary
<b>PMI</b>	<b>56.5</b>	<b>62.1</b>	<b>+</b>	<b>Rising, Higher Rate</b>
<u>Sub-Indices of PMI</u>				
New Businesses	54.1	64.7	+	Rising, Higher Rate
Business Activity	62.8	73.4	+	Rising, Higher Rate
Employment	49.5	52.2	+	Rising from Falling
Backlogs of Work	46.8	49.4	+	Falling, Slower Rate
Expectations for Activity	69.6	70.7	+	Rising, Higher Rate

Source: Central Bank of Sri Lanka

Expectations on business activities for the next three months increased further in March 2021 underpinned by the optimistic expectations on growth prospects amidst Sinhala and Tamil new year and Ramadan festive seasons.

**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 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.