

PRESS RELEASE

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 இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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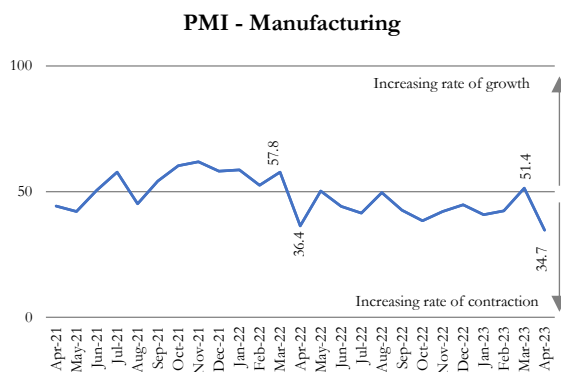
SL Purchasing Managers' Index (PMI) – April 2023

Purchasing Managers' Indices for both Manufacturing and Services activities decreased in April 2023

Following the seasonal pattern, Manufacturing PMI decreased to 34.7 in April 2023, indicating a month-on-month contraction in manufacturing activities. Accordingly, Production, New Orders, Employment and Stock of Purchases sub-indices declined during April compared to the seasonal peak in March.

As per the respondents, the decline in Production was primarily due to the temporary closure of most of the factories in April owing to the Sinhala and Tamil new year holidays. Decline in New Orders, particularly in the manufacture of food & beverages, was mainly due to the end of the festival season demand. In addition, some respondents in the manufacture of textiles & apparel sectors mentioned that they observed a continuation of the subdued global demand conditions, resulting in a decline in New Orders. Further, Employment and Stock of Purchases also declined in line with the declines in New Orders and Production. Meanwhile, Suppliers' Delivery Time slightly lengthened in April 2023, compared to the previous month on a month-on-month basis.

**Manufacturing
 PMI
 April 2023** **34.7**



Source: Central Bank of Sri Lanka

The World Outlook: Manufacturing PMI

The global manufacturing PMI remained unchanged at 49.6 in April compared to March 2023.

Manufacturing PMIs of India, Singapore, and USA improved at a higher pace in April 2023, while it increased at a slower rate in Russia compared to the previous month. However, manufacturing PMIs of Eurozone, UK, and China deteriorated in April 2023 compared to the previous month.

Source: S&P Global¹ as at 12th May, 2023

¹S&P Global is identified as the global PMI compiler and compiles PMIs for over 40 economies worldwide.

Variable	Mar.	Apr.	+/-	Summary
PMI	51.4	34.7	-	Falling from Rising
Sub-Indices of PMI				
New Orders	55.9	33.0	-	Falling from Rising
Production	55.8	24.5	-	Falling from Rising
Employment	45.2	42.0	-	Falling, higher Rate
Stock of Purchases	45.8	25.3	-	Falling, higher Rate
Suppliers' Delivery Time	47.3	51.5	+	Lengthening from Shortening

Source: Central Bank of Sri Lanka

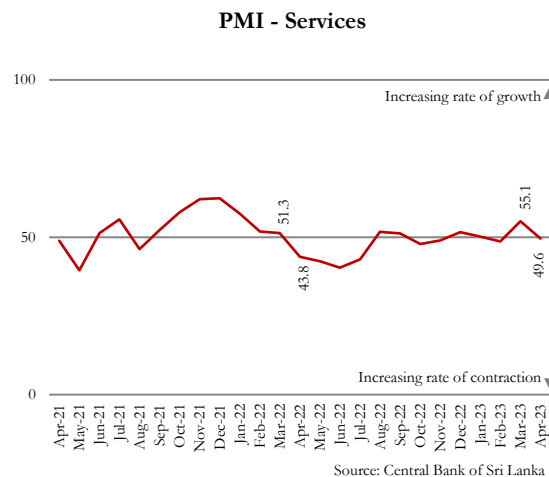
Expectations for manufacturing activities for the next three months indicated an improvement, anticipating a favourable development in the economic environment.

Services sector PMI remained slightly below the neutral threshold recording an index value of 49.6 in April 2023, led by the decreases observed in New Businesses, Employment and Backlogs of Works. Nevertheless, Business Activities and Expectations for Activity continued to increase during the month.

New Businesses declined in April 2023 compared to March 2023, particularly with the decreases observed in insurance, transportation and postal and courier activities sub-sectors.

Business Activities in the services sector continued to grow, yet at a slower rate, in April. Accordingly, business activities in other personal activities sub-sector exhibited a considerable improvement amid the festive season. Further, education and telecommunication sub-sectors also recorded slight increases during the month. Meanwhile, business activities related to wholesale and retail trade sub-sector remained stagnant despite festive demand and seasonal discounts.

Employment continued to decline in April at a higher pace due to resignations, migrations and retirements despite few new recruitments took place during the month. Meanwhile, Backlogs of Work also decreased at a higher rate during the month.



Variable	Mar.	Apr.	+/-	Summary
PMI	55.1	49.6	-	Falling from Rising
Sub-Indices of PMI				
New Businesses	59.7	47.5	-	Falling from Rising
Business Activity	56.1	51.0	-	Rising, Slower Rate
Employment	42.9	42.5	-	Falling, Higher Rate
Backlogs of Work	46.6	45.7	-	Falling, Higher Rate
Expectations for Activity	70.4	61.1	-	Rising, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for Business Activities for the next three months remained improved in April driven by positive sentiments regarding improvements in macro economic conditions.

The World Outlook: Services PMI

Global services PMI rose to 55.4 in April 2023 from 54.4 in March 2023, signalling an expansion in global services activities.

Services PMIs of China, India, UK, US and Japan indicated that their services sectors expanded in April 2023 compared to the previous month.

Source: S&P Global¹ as at 12th May 2023

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

Other variables are self-explanatory.