

# PRESS RELEASE

✉ Communications Department, 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka

☎ +94 11 2477424 / +94 11 2477423 📠 +94 11 2346257

@ communications@cbsl.lk / dcommunications@cbsl.lk 🌐 www.cbsl.gov.lk



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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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## SL Purchasing Managers' Index (PMI) - Construction Industry

The Statistics Department of the Central Bank of Sri Lanka (CBSL) commenced PMI survey for Construction activities in June 2017 with a view to timely capture the developments in the construction industry. The department continued the survey for six years delivering key industry insights to the CBSL, assisting the policy formulation process. Currently, the bank disseminates the other two PMI surveys, Manufacturing and Services, on monthly basis to the bank's website. Hence, the CBSL decided to release the Construction PMI survey results as well for the information of the public starting from the June 2023 survey round.

The report on the Construction PMI survey results for the June 2023 is given below. The survey results will be published on a monthly basis via a press release and uploaded to CBSL website under the Statistics section at the end of the following month hereafter.

## SL Purchasing Managers' Index (PMI) for Construction Industry – June 2023

The construction industry remained contracted in June 2023, recording a Total Activity index value of 44.4. Most of the companies operate at a sub-optimal level amidst the limited availability of construction projects. However, several respondents mentioned that the steady decline in material prices has induced to commence small-scale construction work.

The lack of new projects continued to hinder the industry, which is reflected by the continuous decrease in New Orders. The respondents mentioned that sizable projects are hardly available, except some foreign-funded projects, and the bidding for available tenders is also highly competitive. However, they expect the suspended large-scale projects to gradually recommence later in the year.

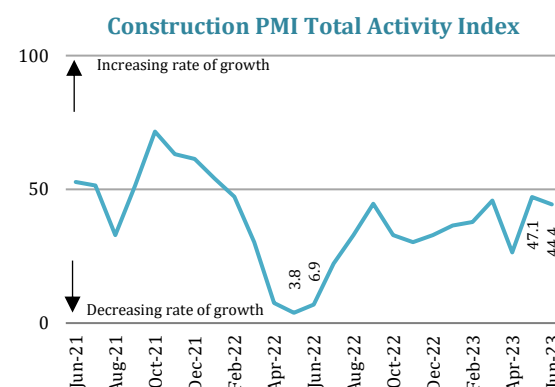
Further, Employment remained contracted in June, mainly due to the layoffs after project completions. Moreover, Quantity of Purchases declined in line with the decrease in pipeline projects. Meanwhile, Suppliers' Delivery Time remained shortened during the month due to low order quantities.

Variable	May	Jun.	+/-	Summary
<b>Total Activity</b>	<b>47.1</b>	<b>44.4</b>	<b>-</b>	<b>Falling, Higher rate</b>
New Orders	42.9	38.9	-	Falling, Higher rate
Employment	22.9	30.6	+	Falling, Slower rate
Quantity of Purchases	45.7	41.7	-	Falling, Higher rate
Suppliers' Delivery Time	44.3	47.2	+	Shortening, Slower rate

Source: Central Bank of Sri Lanka

The industry outlook is positive, mainly due to the gradual recovery in the economy, the easing of import restrictions and the expected commencement of the suspended projects. However, the respondents highlighted that the downward rigidity of the market borrowing rates delays the commencement of many private-sector construction projects.

**Total Activity**  
Index Value  
June 2023  
**44.4**



Source: Central Bank of Sri Lanka

### Compilation: PMI<sup>1</sup>

PMI is calculated as a 'Diffusion Index', where it takes values between 0 and 100.

PMI =50; sector remains neutral

PMI >50; sector is generally expanding

PMI <50; sector is generally contracting

### Definitions of Variables

**Total Activity:** Total volume of construction activity. This is the headline index referred to as the 'Construction PMI' following the international practice, which is comparable to the Manufacturing Production Index and Services Business Activity Index.

**Employment:** Number of staff working for the organization

**Quantity of purchases:** Raw materials purchased and kept in a warehouse to be used for production.

**Suppliers' Delivery Time:** Time lag between order placement and delivery by the supplier

Other variables are self-explanatory.

### Survey Responses

The survey is conducted targeting highest graded local construction companies registered in the Construction Industry Development Authority covering around 35 responses to capture month on month developments.

<sup>1</sup>PMI is compiled using the methodology followed by S&P Global which is identified as the global PMI compiler and compiles PMIs for over 40 economies worldwide.

## Total Activity Index Series - Construction PMI

Total Activity Index	2017	2018	2019	2020	2021	2022	2023
Jan	-	55.8	47.7	41.5	66.7	54.1	36.5
Feb	-	52.2	63.6	40.0	68.4	47.2	37.8
Mar	-	44.0	50.0	14.0	72.9	30.3	45.8
Apr	-	45.7	26.9	10.0	31.7	7.5	26.4
May	-	52.1	50.0	66.7	29.7	3.8	47.1
Jun	60.0	56.3	52.0	71.4	52.7	6.9	44.4
Jul	63.5	50.0	63.8	75.7	51.4	22.2	-
Aug	60.0	50.0	53.2	73.2	32.9	32.9	-
Sep	50.0	50.0	43.1	72.1	51.4	44.6	-
Oct	53.8	45.8	56.7	35.7	71.6	32.9	-
Nov	59.3	40.0	53.6	39.1	63.2	30.3	-
Dec	50.0	35.7	40.4	70.3	61.4	32.9	-