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

Construction PMI recorded a Total Activity Index value of 44.3 in November 2023, indicating a contraction in construction activities compared to last month. The respondents mentioned that the low level of new projects and the decline in work related to ongoing projects, as they are in the final stages, hampered the activity levels.

New Orders declined at a higher pace in November compared to the previous month. However, many respondents expect an acceleration in awarding of projects, especially government-funded projects, in the first half of the next year. Employment continued to contract as the companies tend to operate with minimum staff under the current industry situation. Further, Quantity of Purchases declined in line with the decrease in construction work. In the meantime, Suppliers' Delivery Time remained lengthened during the month.

Variable	Oct.	Nov.	+/-	Summary
Total Activity	50.0	44.3	-	Falling from Neutral
New Orders	48.6	45.7	-	Falling, Higher rate
Employment	36.1	35.7	-	Falling, Higher rate
Quantity of Purchases	44.4	42.9	-	Falling, Higher rate
Suppliers' Delivery Time	51.4	51.4	=	Lengthening, Same rate

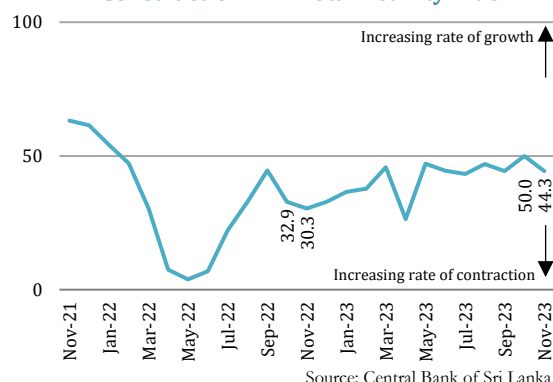
Source: Central Bank of Sri Lanka

The industry outlook for the next three months is positive, mainly in anticipation of the increased demand from the next year, together with favourable weather conditions. However, the firms are concerned about the upward tendency in material prices due to the announced tax revisions.

Total Activity
 Index Value
 November 2023

44.3

Construction PMI Total Activity Index



Source: Central Bank of Sri Lanka

Compilation: PMI¹

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.

¹PMI 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.