

# PRESS RELEASE

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 இலங்கை மத்திய வங்கி  
**CENTRAL BANK OF SRI LANKA**

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## SL Purchasing Managers' Index (PMI) – April 2024

**Purchasing Managers' Indices indicate a contraction in Manufacturing activities and an expansion in Services activities in April 2024**

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 42.0 in April 2024, indicating a contraction in manufacturing activities following the seasonal pattern. New Orders, Production, Employment and Stock of Purchases sub-indices declined during the month, resulting in an overall decline in the index.

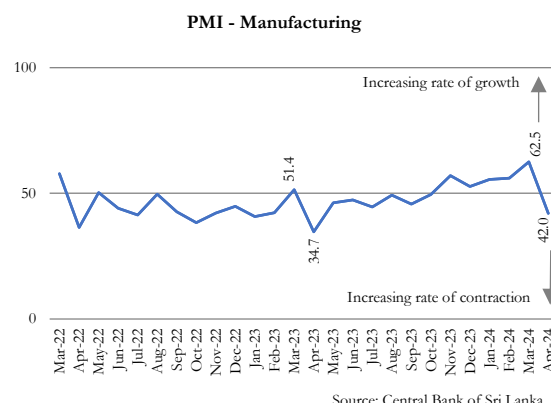
As per the respondents, the decline in New Orders was mainly due to the end of the festive season's demand, particularly for food & beverages. Further, the decrease in Production was primarily due to the fewer working days in April, as most factories were temporarily closed for the Sinhala and Tamil New Year holidays. Moreover, Employment and Stock of Purchases decreased during the month, in line with the decline in New Orders and Production. Meanwhile, Suppliers' Delivery Time further lengthened in April, owing to the extended holidays in the month.

### Summary of the PMI - Manufacturing Survey

Variable	Mar.	Apr.	+/-	Direction
<b>PMI - Manufacturing</b>	<b>62.5</b>	<b>42.0</b>	-	<b>Falling from Rising</b>
New Orders	66.5	40.5	-	Falling from Rising
Production	67.2	31.5	-	Falling from Rising
Employment	54.5	46.5	-	Falling from Rising
Stock of Purchases	65.5	38.5	-	Falling from Rising
Suppliers' Delivery Time	55.6	59.1	+	Lengthening, Higher Rate

Source: Central Bank of Sri Lanka

The industry expectations for the next three months remain positive, anticipating a gradual increase in demand.



### The World Outlook Summary of PMI Manufacturing

Country/Territory	Direction
Global	Improved, Slower Rate
India	Improved, Slower Rate
China	Improved, Higher Rate
US	Neutral from Improving
UK	Deteriorated from Improving
Eurozone	Deteriorated, Higher Rate

Source: S&P Global <sup>1</sup> as at 15<sup>th</sup> May 2024 ([PMI Releases \(spglobal.com\)](https://www.spglobal.com))

<sup>1</sup>S&P Global compiles PMIs for over 40 economies worldwide.

Sri Lanka Purchasing Managers' Index for Services (PMI – Services) indicated a slower expansion in services activities in April 2024 as reflected by the Business Activity Index, which recorded an index value of 56.7.

The expansion in Business Activities was driven by the improvements observed across several sub-sectors. Accordingly, business activities in the financial services sub-sector continued to grow following the reduction in policy rates in March 2024. Further, business activities in the wholesale and retail trade sub-sector experienced a considerable growth amid the seasonal demand. Meanwhile, programming and broadcasting, telecommunication and real estate sub-sectors also recorded positive developments during the month. Nevertheless, the accommodation, food and beverage sub-sector declined slightly during the month in line with the decline in tourist arrivals on a month-on-month basis.

New Businesses increased in April, particularly with the increases observed in wholesale and retail trade, financial services and real estate sub-sectors.

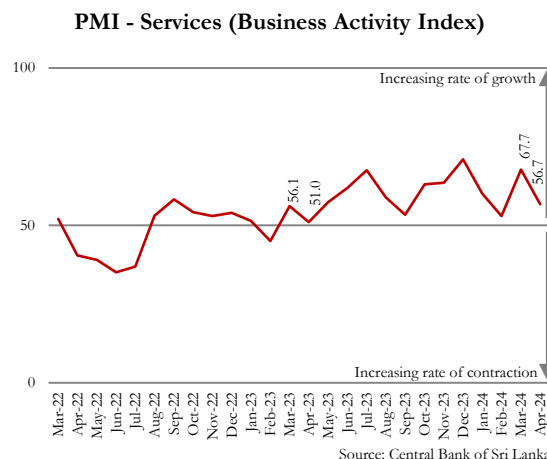
Employment declined in April despite some new recruitments made by several companies. Meanwhile, Backlogs of Work continued to decline during April.

**Summary of the PMI - Services Survey**

Variable	Mar.	Apr.	+/-	Direction
<b>PMI - Services (Business Activity Index)</b>	<b>67.7</b>	<b>56.7</b>	<b>-</b>	<b>Rising, Slower Rate</b>
New Businesses	64.0	56.2	-	Rising, Slower Rate
Employment	52.7	42.8	-	Falling from Rising
Backlogs of Work	48.3	49.4	+	Falling, Slower Rate
Expectations for Activity	74.2	67.5	-	Rising, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for Business Activities for the next three months continued to rise, yet at a slower rate, supported by favourable macroeconomic conditions.



**The World Outlook: Summary of PMI Services**

Country/Territory	Direction
Global	Improved, Higher Rate
India	Improved, Slower Rate
China	Improved, Slower Rate
US	Improved, Slower Rate
UK	Improved, Higher Rate
Eurozone	Improved, Higher Rate

Source: S&P Global <sup>1</sup> as of 15 May 2024 ([PMI Releases \(spglobal.com\)](https://www.spglobal.com))

**Technical Note**

**Methodology**

Questionnaires are completed in the first half of the succeeding month. For each variable, respondents are asked to report an increase, decrease or no change compared with the previous month, and to provide reasons for any changes. The index compilation and interpretation of indices follow the survey methodology of S&P Global.

**PMI – Manufacturing**, which is considered as the headline index for Manufacturing, is a weighted average of New Orders, Output, Employment, Suppliers' Delivery Time and Stocks of Purchases.

The Services Business Activity Index is the headline index for Services, which is referred to as the **PMI – Services**, as per the international best practices. The Services Business Activity Index is comparable to the Manufacturing Production Index.

**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.