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SL Purchasing Managers' Index (PMI) for Construction Industry – April 2024

Following the seasonal pattern where activities across many sectors slowdown during the traditional new year celebrations, Sri Lanka Purchasing Managers' Index for Construction (PMI - Construction) decreased to an index value of 31.9 in April 2024. This indicates a contraction in construction activities compared to the previous month. As per the respondents, most construction sites were temporarily closed during the month due to the extended new year holidays, leading to this month-on-month decline.

New Orders decreased in April with the fewer working days. However, most respondents were confident that the increasing trend in tender opportunities will continue in the upcoming months. Moreover, the participatory firms widely highlighted the intense competition in the market. The Employment and Quantity of Purchases declined during the month, in line with the decline in Total Activities and New Orders. Further, the decreasing trend of the overall price levels continued in April as well. Meanwhile, Suppliers' Delivery Time lengthened at a comparatively slower rate during the month.

Summary of the PMI - Construction Survey

Variable	Mar.	Apr.	+/-	Direction
PMI - Construction (Total Activity Index)	55.9	31.9	-	Falling from Rising
New Orders	51.5	37.5	-	Falling from Rising
Employment	44.1	38.9	-	Falling, Higher Rate
Quantity of Purchases	55.9	29.2	-	Falling from Rising
Suppliers' Delivery Time	52.9	51.4	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

The industry outlook for the next three months is positive, mainly due to the expected increase in new construction projects.

Technical Note

Methodology

The index compilation and interpretation of indices follow the survey methodology of S&P Global.

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

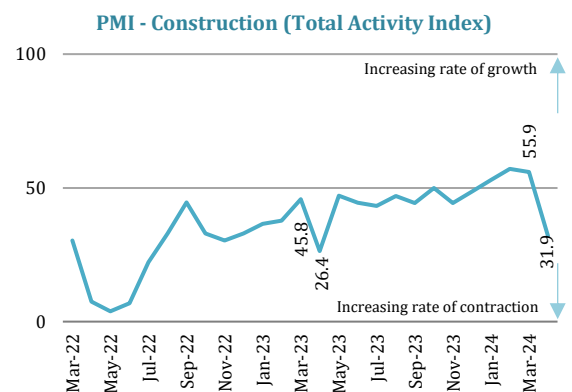
Definitions of Variables

Employment : Number of staff working for the organization

Quantity 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

Other variables are self-explanatory.



Source: Central Bank of Sri Lanka

The World Outlook: Summary of PMI Construction

Country/Territory	Direction
Eurozone	Deteriorated, Higher Rate
France	Deteriorated, Slower Rate
Germany	Deteriorated, Higher Rate
Ireland	Improved, Higher Rate
Italy	Deteriorated from Improvement
UK	Improved, Higher Rate

Source: S&P Global ¹ as of 30 May 2024 (PMI Releases (spglobal.com))

¹S&P Global compiles PMIs for over 40 economies worldwide.