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SL Purchasing Managers’ Index (PMI) for Construction Industry – May 2024

Sri Lanka Purchasing Managers’ Index for Construction (PMI – Construction) recorded an index value of 54.5 in May 2024, indicating an improvement in construction activities. Many construction projects were back on course in May after the extended holidays of the previous month. However, several respondents mentioned that the prevailed adverse weather conditions had dampened the expected improvement.

New Orders marginally increased in May compared to the previous month. As per the survey participants, road construction projects are the mostly available large-scale tenders at present. Many of them emphasized the necessity of more sizable infrastructure projects to stimulate the construction industry. Meanwhile, Employment continued to contract, yet at a slower pace in May, as the firms are still cautious in hiring. Further, Quantity of Purchases remained at the same level as in the previous month. Many respondents mentioned that the price levels of construction-related materials continued to decline during the month, which is conducive to the industry. Meanwhile, Suppliers’ Delivery Time remained lengthened in May as well.

Summary of the PMI - Construction Survey

Variable	Apr.	May.	+/-	Direction
PMI - Construction (Total Activity Index)	31.9	54.5	+	Rising from Falling
New Orders	37.5	51.5	+	Rising from Falling
Employment	38.9	39.4	+	Falling, Slower Rate
Quantity of Purchases	29.2	50.0	+	Neutral from Falling
Suppliers' Delivery Time	51.4	51.5	+	Lengthening, Higher Rate

Source: Central Bank of Sri Lanka

The outlook for construction activities over the next three months remains positive, mainly due to the expected increase in project availability.

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.

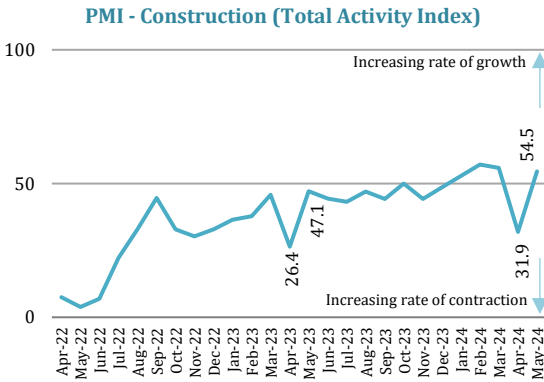
Definitions of Variables

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	Falling, Slower Rate
France	Falling, Slower Rate
Germany	Falling, Slower Rate
Ireland	Neutral from Rising
Italy	Falling, Slower Rate
UK	Rising, Higher Rate

Source: S&P Global ¹ as of 27 June 2024 ([PMI Releases \(spglobal.com\)](https://www.spglobal.com))

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