

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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SL Purchasing Managers' Index (PMI) – June 2024

Purchasing Managers' Indices indicate expansions in both Manufacturing and Services activities in June 2024

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 56.6 in June 2024, indicating an expansion in manufacturing activities. All the sub-indices, except for employment, remained above the neutral threshold during the month.

The expansion in New Orders and Production was mainly due to the growth in the manufacture of food and beverages sector. Stock of Purchases also expanded, in line with the increase in New Orders and Production. However, Employment remained contracted during the month, as the firms are still cautious about refilling the vacant positions. Meanwhile, Suppliers' Delivery Time further lengthened in June, mainly attributable to the congestion in the major shipping ports.

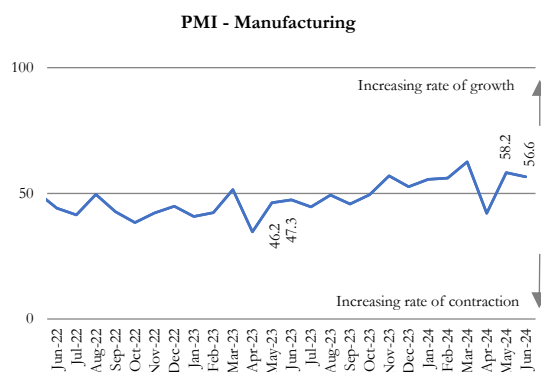
Summary of the PMI - Manufacturing Survey

Variable	May.	Jun.	+/-	Direction
PMI - Manufacturing	58.2	56.6	-	Rising, Slower Rate
New Orders	57.5	57.1	-	Rising, Slower Rate
Production	62.5	58.2	-	Rising, Slower Rate
Employment	49.0	48.5	-	Falling, Higher Rate
Stock of Purchases	60.8	56.1	-	Rising, Slower Rate
Suppliers' Delivery Time	62.8	63.9	+	Lengthening, Higher Rate

Source: Central Bank of Sri Lanka

The industry expectations for the next three months indicate an improvement, anticipating a gradual recovery in economic conditions.

PMI
Manufacturing
June 2024
56.6



Source: Central Bank of Sri Lanka

The World Outlook Summary of PMI Manufacturing

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

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

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

Sri Lanka Purchasing Managers' Index for Services (PMI – Services) indicated a further expansion in services activities in June 2024 as reflected by the Business Activity Index, which recorded an index value of 63.5.

The expansion in Business Activities was driven by the improvements observed across most sectors. Business activities in the wholesale and retail trade grew due to Haj festive season. Further, business activities in the transportation services, financial services and other personal services also experienced a considerable growth during the month. However, business activities in the accommodation, food and beverages services remained at the same level as in the previous month in line with the sluggish tourist arrival during off-season.

New Businesses increased in June, particularly with the increases observed in financial services and other personal service activities.

Employment increased in June due to new recruitments made by several companies. Meanwhile, Backlogs of Work continued to decline during the month.

Summary of the PMI - Services Survey

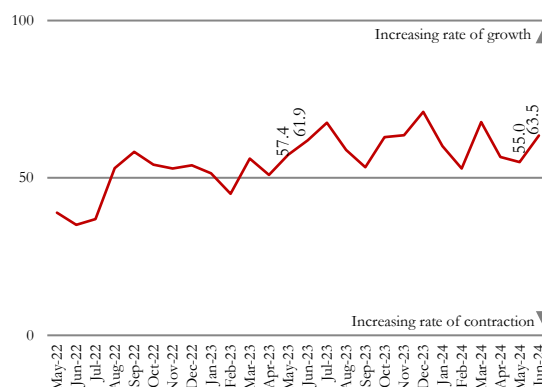
Variable	May.	Jun.	+/-	Direction
PMI - Services (Business Activity Index)	55.0	63.5	+	Rising, Higher Rate
New Businesses	52.0	60.5	+	Rising, Higher Rate
Employment	52.0	56.6	+	Rising, Higher Rate
Backlogs of Work	45.7	48.4	+	Falling, Slower Rate
Expectations for Activity	70.2	73.2	+	Rising, Higher Rate

Source: Central Bank of Sri Lanka

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



PMI - Services (Business Activity Index)



Source: Central Bank of Sri Lanka

The World Outlook Summary of PMI Services

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

Source: S&P Global ¹ as of 15 July 2024 (PMI Releases (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.