

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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SL Purchasing Managers' Index (PMI) – July 2024

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

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 59.5 in July 2024, indicating a continuous expansion in manufacturing activities. All sub-indices contributed positively to this improvement.

The increase in New Orders was driven by the manufacture of textiles & apparel sector. Moreover, Production increased during the month, mainly due to the improved performance in the manufacture of food & beverages and textiles & apparel sectors. Employment turned positive in July, which was mainly attributable to the manufacture of textiles & apparel sector. Stock of Purchases also expanded in line with the increased demand for materials. Meanwhile, Suppliers' Delivery Time further lengthened in July.

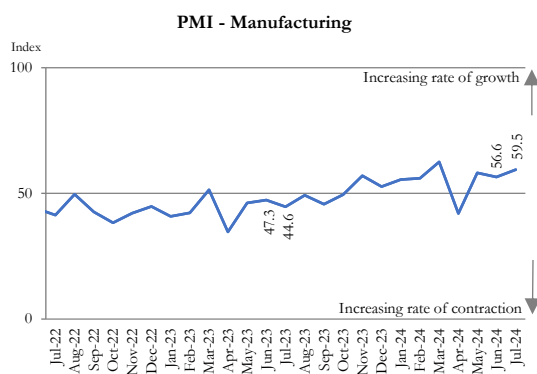
Summary of the PMI - Manufacturing Survey

Variable	Jun.	Jul.	+/-	Direction
PMI - Manufacturing	56.6	59.5	+	Rising, Higher Rate
New Orders	57.1	62.0	+	Rising, Higher Rate
Production	58.2	61.5	+	Rising, Higher Rate
Employment	48.5	54.0	+	Rising from Falling
Stock of Purchases	56.1	60.5	+	Rising, Higher Rate
Suppliers' Delivery Time	63.9	57.6	-	Lengthening, Slower Rate

Source: Central Bank of Sri Lanka

Expectations for the manufacturing activities for the next three months remain positive, anticipating a continuous improvement in demand.

PMI
Manufacturing
July 2024
59.5



Source: Central Bank of Sri Lanka

The World Outlook Summary of PMI Manufacturing

Country/Territory	Direction
Global	Falling from Rising
India	Rising, Slower Rate
China	Falling from Rising
US	Falling from Rising
UK	Rising, Higher Rate
Eurozone	Falling, Same Rate

Source: S&P Global¹ as of 14 August 2024 (PMI Releases (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 July 2024 as reflected by the Business Activity Index, which reached an index value of 71.1, the highest value recorded so far this year.

The expansion in Business Activities was driven by the improvements observed across a majority of sectors. Business activities in the transportation services grew mainly due to improvements observed in freight and aviation sectors. Further, business activities in the wholesale and retail trade and other personal services also experienced a considerable growth during the month. Moreover, business activities in the accommodation, food, and beverage services, which had shown a subdued performance in previous months, experienced an improvement during the month due to the increase in tourist arrivals.

New Businesses increased in July, particularly with the upsurges observed in financial services and transportation service activities.

Employment declined in July despite a few new recruitments made by several companies. Meanwhile, Backlogs of Work continued to decline during the month.

Summary of the PMI - Services Survey

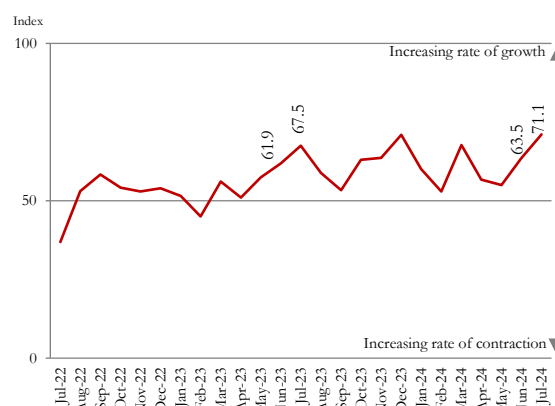
Variable	Jun.	Jul.	+/-	Direction
PMI - Services (Business Activity Index)	63.5	71.1	+	Rising, Higher Rate
New Businesses	60.5	66.2	+	Rising, Higher Rate
Employment	56.6	49.0	-	Falling, from Rising
Backlogs of Work	48.4	48.4	=	Falling, Same Rate
Expectations for Activity	73.2	74.7	+	Rising, Higher Rate

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	Rising, Higher Rate
India	Rising, Slower Rate
China	Rising, Higher Rate
US	Rising, Slower Rate
UK	Rising, Higher Rate
Eurozone	Rising, Slower Rate

Source: S&P Global¹ as of 14 August 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.	