

# PRESS RELEASE

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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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

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

Sri Lanka Purchasing Managers' Index for Manufacturing (PMI – Manufacturing) recorded an index value of 54.1 in September 2024. This indicates a continued expansion in manufacturing activities, albeit at a decelerated pace relative to the previous month. All sub-indices, except for Employment, remained above the neutral threshold during the month.

The expansions in New Orders and Production were largely attributed to the food and beverages manufacturing sector. In addition, Stock of Purchases increased during the month, stimulated by the intended accumulation of inventory ahead of the upcoming festive season. Employment remained contracted, yet at a slower pace in September. Meanwhile, Suppliers' Delivery Time continued to lengthen during the month.

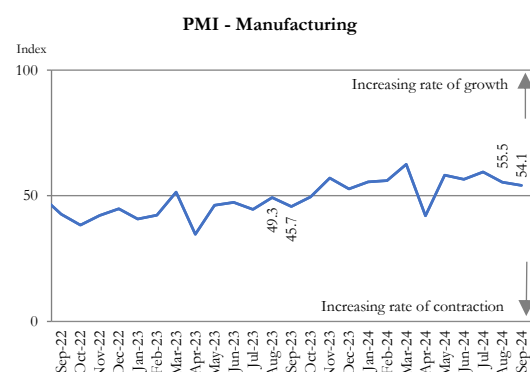
### Summary of the PMI - Manufacturing Survey

Variable	Aug.	Sep.	+/-	Direction
<b>PMI - Manufacturing</b>	<b>55.5</b>	<b>54.1</b>	-	<b>Rising, Slower Rate</b>
New Orders	58.5	57.5	-	Rising, Slower Rate
Production	59.5	53.0	-	Rising, Slower Rate
Employment	45.0	47.0	+	Falling Slower Rate
Stock of Purchases	56.0	57.0	+	Rising, Higher Rate
Suppliers' Delivery Time	56.2	56.7	+	Lengthening, Higher Rate

Source: Central Bank of Sri Lanka

The outlook for manufacturing activities over the next three months remains positive, driven largely by optimism on year-end seasonal demand.

**PMI**  
**Manufacturing**  
**September 2024**  
**54.1**



Source: Central Bank of Sri Lanka

### The World Outlook Summary of PMI Manufacturing

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

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

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

Sri Lanka Purchasing Managers' Index for Services (PMI – Services), as reflected by the Business Activity Index, recorded an index value of 53.4 in September 2024. This indicates a slower expansion in services activities compared to the previous month.

The expansion in Business Activities was driven by the improvements observed across some major sectors. Accordingly, business activities in the financial services experienced a significant improvement, largely driven by the prevailing favorable interest rates, which stimulated lending activities. Further, business activities in education, professional services, programming and broadcasting, real estate and transportation also grew during the month. However, business activities in the wholesale and retail trade, IT programming and telecommunication remained unchanged from the previous month, while declines were recorded in activities of all other sectors.

New Businesses increased in September, particularly with the expansions observed in financial services activities.

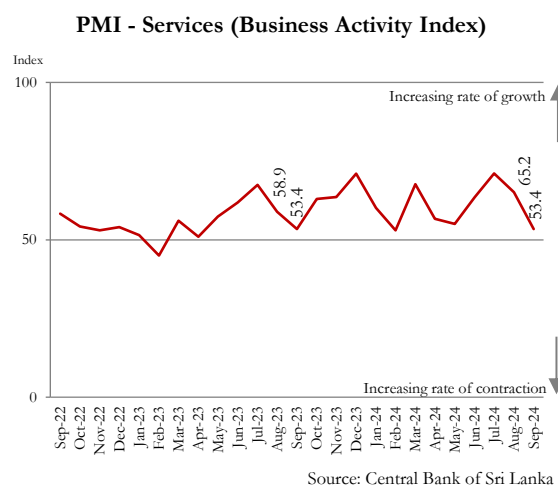
Meanwhile, Employment continued to decline in September. Further, Backlogs of Work decreased on month-on-month basis, following a improvement recorded in the previous month.

#### Summary of the PMI - Services Survey

Variable	Aug.	Sep.	+/-	Direction
<b>PMI - Services (Business Activity Index)</b>	<b>65.2</b>	<b>53.4</b>	-	Rising, Slower Rate
New Businesses	61.2	53.5	-	Rising, Slower Rate
Employment	48.0	48.5	+	Falling, Slower Rate
Backlogs of Work	51.1	48.5	-	Falling from Rising
Expectations for Activity	68.8	72.4	+	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.



#### The World Outlook Summary of PMI Services

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

Source: S&P Global<sup>1</sup> as of 15 October 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.	