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

Sri Lanka Purchasing Managers' Index for Construction (PMI - Construction) indicates a decline in construction activities in September 2024, as reflected by the Total Activity Index, which recorded an index value of 48.6. Many survey respondents observed a slight moderation in construction activities during the month, particularly attributable to the election-related disruptions.

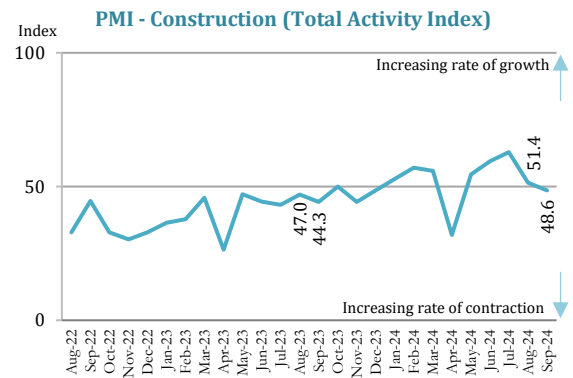
New Orders recorded an increase in September. Most respondents pointed out the intense market competition, despite the gradual availability of foreign-funded and locally-funded private projects for tenders, affected their financial health. Employment and Quantity of Purchases decreased in September, mainly due to the slowdown in operations during the month. Meanwhile, Suppliers' Delivery Time remain lengthened in September.

Summary of the PMI - Construction Survey

Variable	Aug.	Sep.	+/-	Direction
PMI - Construction (Total Activity Index)	51.4	48.6	-	Falling from Rising
New Orders	50.0	52.9	+	Rising from Neutral
Employment	44.3	41.4	-	Falling, Higher Rate
Quantity of Purchases	48.6	44.3	-	Falling, Higher Rate
Suppliers' Delivery Time	51.4	51.4	=	Lengthening, Same Rate

Source: Central Bank of Sri Lanka

The expectations for future activities are positive, with the availability of new projects.



The World Outlook: Summary of PMI Construction

Country/Territory	Direction
Eurozone	Falling, Slower Rate
France	Falling, Higher Rate
Germany	Falling, Slower Rate
Ireland	Falling from Neutral
Italy	Falling, Slower Rate
UK	Rising, Higher Rate

Source: S&P Global¹ as of 28 October 2024 ([PMI Releases \(spglobal.com\)](https://www.spglobal.com))

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

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.