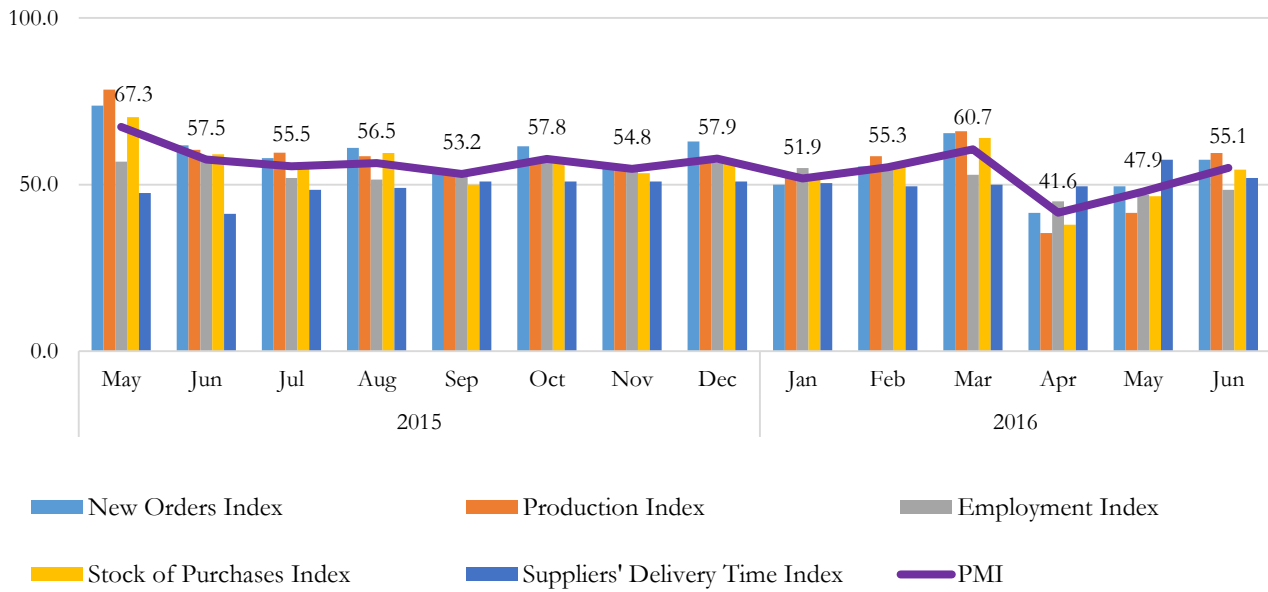


KEY POINTS:

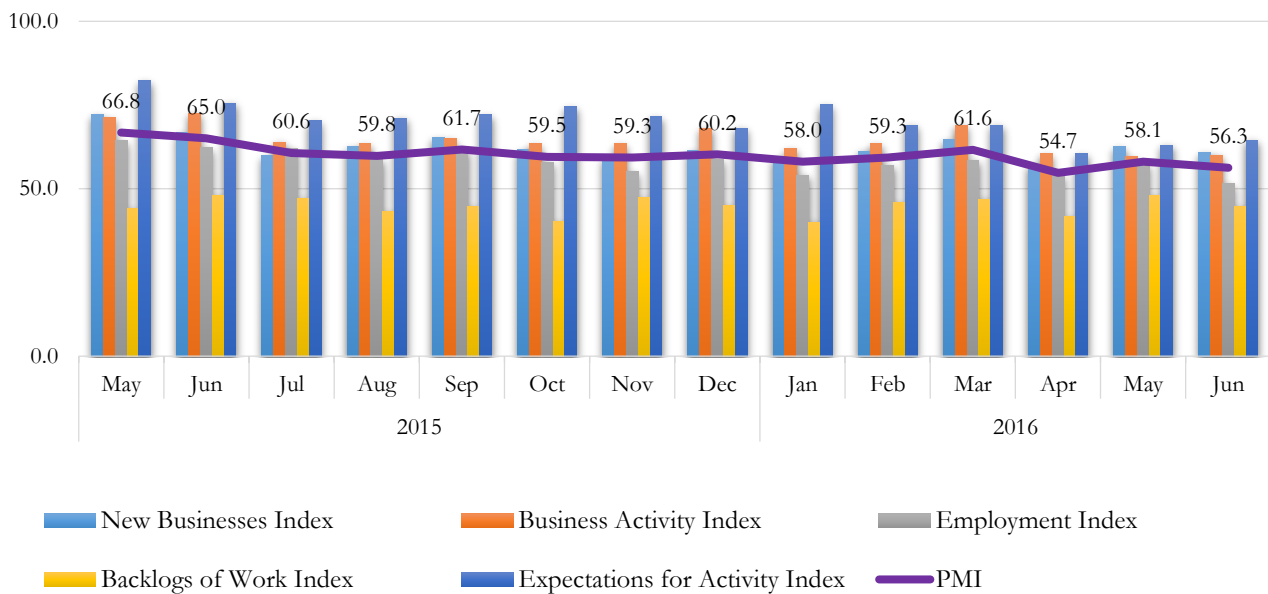
- **The Manufacturing PMI** recovered to the positive territory in June 2016 registering 55.1 index points, from the contraction observed in the last two months, which is an increase of 7.2 index points from May 2016. This improvement was bolstered by the significant increase observed in Production and New Orders Indices. Moreover, all the Sub-indices of PMI, apart from Suppliers' Delivery Time increased compared to the previous month. Overall data points to an expansion where all the sub-indices apart from the Employment Index are above the neutral 50.0 threshold. The expectations for activities also indicated an improvement for the next three months. On year-on-year basis, the PMI index witnesses a marginal drop of 2.4 index points compared to June 2015.
- **The Services Sector PMI** for June recorded 56.3 index points, compared to 58.1 index points in May 2016, indicating that economic activities continued its expansion, albeit at a slower rate compared to May 2016. On year-on-year basis PMI declined by 8.7 index points in June 2016. This slowdown in expansion of activities was observed across new businesses, employment, backlogs of work and expectations for activity sub-indices. Business activity sub-index increased marginally in June compared to May 2016. Prices charged decelerated in June compared to month-on-month increase recorded in May 2016.

| Year | Month | PMI Manufacturing | PMI Services |
|------|-------|-------------------|--------------|
| 2015 | May | 67.3 | 66.8 |
| | Jun | 57.5 | 65.0 |
| | Jul | 55.5 | 60.6 |
| | Aug | 56.5 | 59.8 |
| | Sep | 53.2 | 61.7 |
| | Oct | 57.8 | 59.5 |
| | Nov | 54.8 | 59.3 |
| | Dec | 57.9 | 60.2 |
| 2016 | Jan | 51.9 | 58.0 |
| | Feb | 55.3 | 59.3 |
| | Mar | 60.7 | 61.6 |
| | Apr | 41.6 | 54.7 |
| | May | 47.9 | 58.1 |
| | Jun | 55.1 | 56.3 |

PMI Manufacturing



PMI Services



Technical Note:

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 minimum target of 100 responses for each month.

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 due to increased flow of business activity

Other variables are self-explanatory.