
PMI

September 2017

SL Purchasing Managers' Index

STATISTICS DEPARTMENT CENTRAL BANK OF SRI LANKA

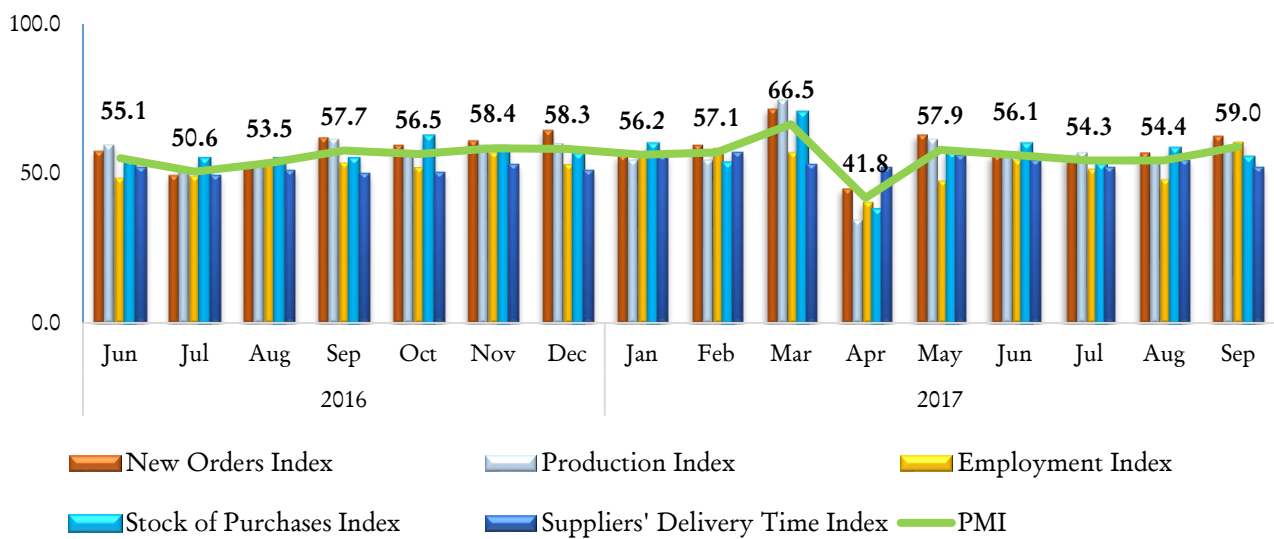
RESULTS OF PMI MANUFACTURING AND PMI SERVICES INDICES

KEY POINTS:

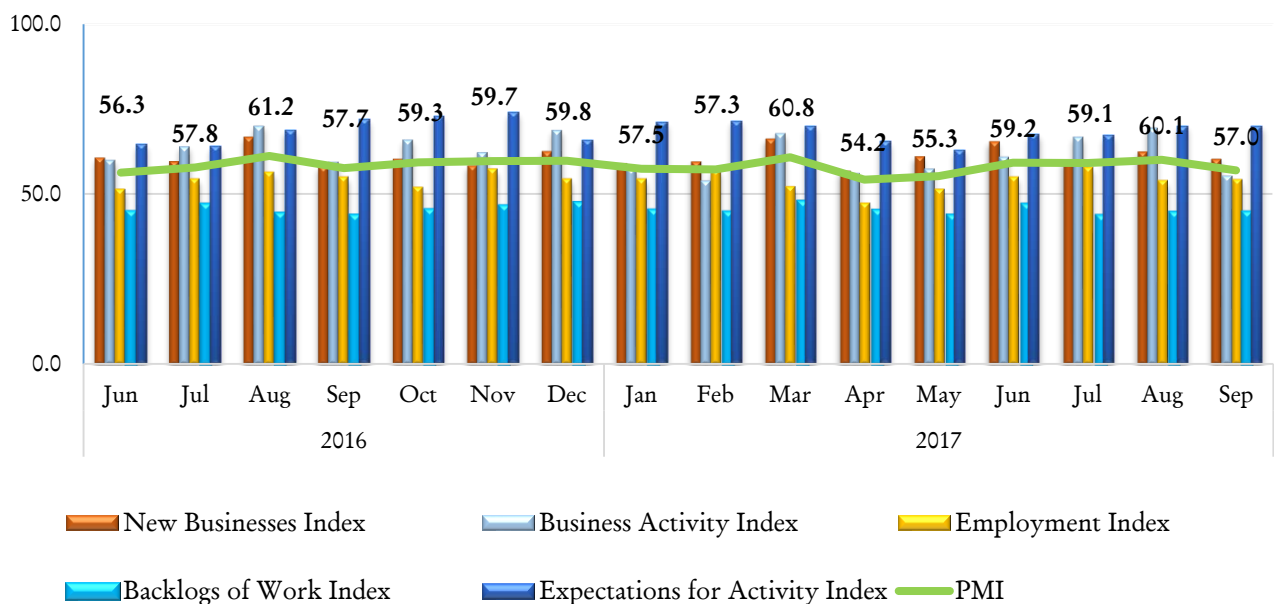
- **The Manufacturing Sector PMI** recorded 59.0 in September which is an increase of 4.6 index points compared to August 2017. This indicates that the Manufacturing sector continued to expand in September 2017 at a higher rate compared to August 2017. The increase was driven by the increase in the Employment sub-index which recovered from the contraction observed in the previous month with the recruitment of new employees. The production and new orders sub-indices expanded at higher rates in September. The Stock of purchases sub-index increased at a slower rate due to the excess stocks level observed in the previous month. Suppliers' Delivery Time lengthened, albeit at a slower rate compared to previous month. Overall, all the sub-indices of PMI recorded values above the neutral 50.0 threshold signalling an overall expansion in September 2017. Moreover, the Expectation for activities remain positive for the next three months.
- **The Services Sector PMI** recorded 57.0 index points in September from 60.1 index points in August 2017. This indicates that the Services sector continued to expand in September 2017 at a slower rate compared to August 2017. Employment and Expectations for Activity sub-indices increased marginally in September compared to August 2017. Business Activity sub index declined significantly but remained above the threshold. New Businesses also decelerated while Backlogs of Work declined in September compared to August 2017. The Accommodation, Food and Beverage sector reported a decline in Business Activity due to adverse weather conditions. With the removal of taxes on data usage, Telecommunication sector expects an improvement in Business Activity. Prices Charged increased at a slower rate in September compared to August 2017. Expectations on Labour Cost sub index increased marginally in September 2017 due to seasonal year end benefits such as bonuses and festival advances.

	Y\M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PMI Manufacturing	2015	n.a.	n.a.	n.a.	n.a.	67.3	57.5	55.5	56.5	53.2	57.8	54.8	57.9
	2016	51.9	55.3	60.7	41.6	47.9	55.1	50.6	53.5	57.7	56.5	58.4	58.3
	2017	56.2	57.1	66.5	41.8	57.9	56.1	54.3	54.4	59.0	-	-	-
PMI Services	2015	n.a.	n.a.	n.a.	n.a.	66.8	65.0	60.6	59.8	61.7	59.5	59.3	60.2
	2016	58.0	59.3	61.6	54.7	58.1	56.3	57.8	61.2	57.7	59.3	59.7	59.8
	2017	57.5	57.3	60.8	54.2	55.3	59.2	59.1	60.1	57.0	-	-	-

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.