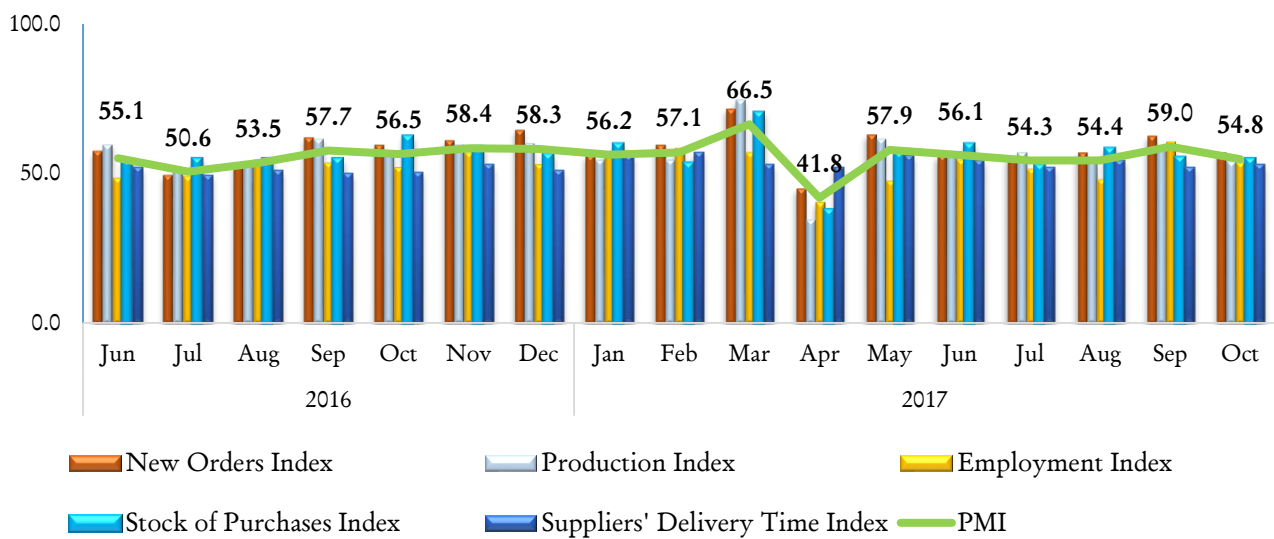


KEY POINTS:

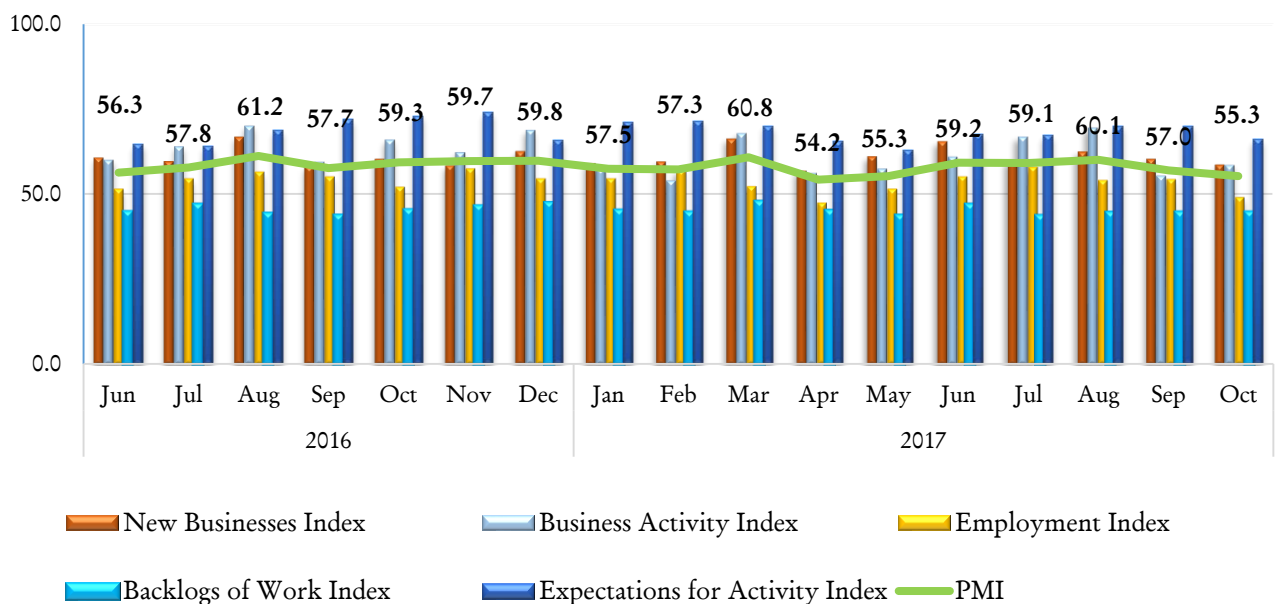
- **The Manufacturing Sector PMI** recorded 54.8 in October which is a decrease of 4.2 index points compared to September 2017. This indicates that the Manufacturing activities expanded at a slower pace in October compared to September 2017. This was mainly driven by the New Orders and Employment sub-indices which moderated from the levels of increase observed in the previous month. The Production and Stock of Purchases sub-indices also expanded at slower rates in October. Meanwhile, the Suppliers' Delivery Time sub-index lengthened at a higher rate which was led by lengthening of delivery time of overseas suppliers due to the high demand for their supplies from other countries. Overall, all the sub-indices of PMI recorded values above the neutral 50.0 threshold signalling an overall expansion in October 2017, but at a slower pace than the previous month. Moreover, the Expectation for activities remain positive for the next three months.
- **The Services Sector PMI** recorded 55.3 index points in October from 57.0 index points in September 2017. This indicates that the Services sector continued to expand in October 2017 at a slower rate compared to September 2017. Business Activity accelerated while New Businesses and Expectations for Activity decelerated in October compared to September 2017. For the same period, Employment and Backlogs of Work declined. The increase in Business Activity was mainly observed in Financial Services and Telecommunication sectors, reasons being expansion of delivery channels and technology based improvements. Employment declined for the second time since the survey began in May 2015, due to non-recruitment for vacancies of retired employees and reduction in the number of casual staff mainly in the Accommodation, Food and Beverage sector. Prices Charged increased at a slower rate in October compared to September 2017 while a decline in Prices Charged was observed in the Accommodation, Food and Beverage sector. Expected Labour Cost increased in October 2017 due to seasonal benefits such as bonuses and festival advances.

	Y\M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>PMI Manufacturing</b>	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	54.8	-	-
<b>PMI Services</b>	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	55.3	-	-

## 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.