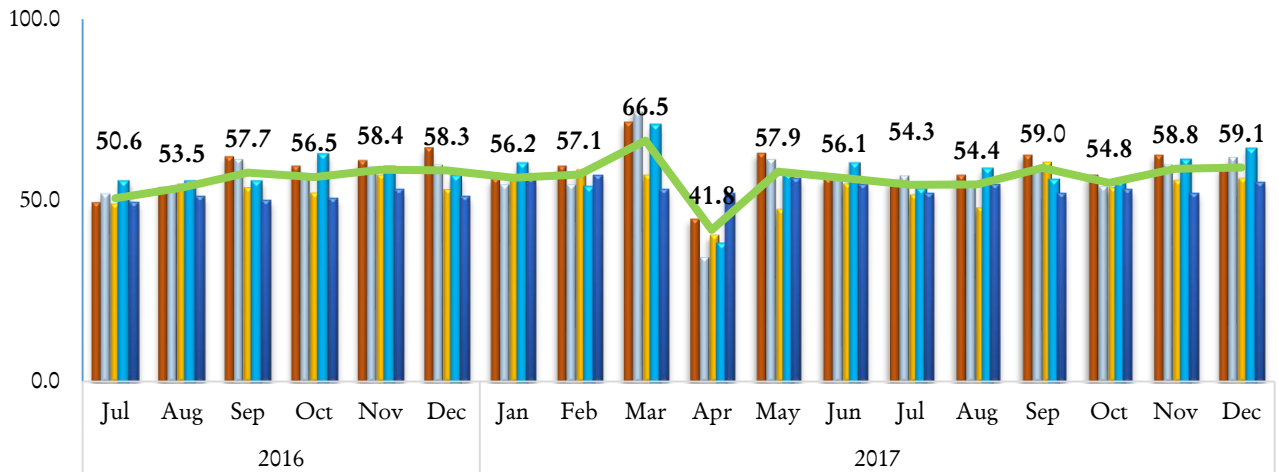


KEY POINTS:

- **The Manufacturing Sector PMI** recorded 59.1 in December which is an increase of 0.3 index points compared to November 2017. This indicates that the Manufacturing activities expanded at a higher pace in December compared to November 2017. This was mainly driven by the increase in the Production sub-index mainly catering for expanded new orders in the previous month. Further, Stock of Purchases and Employment sub-indices also expanded at a higher pace while New Orders sub-index expanded, albeit at a slower rate, during the month as compared to November 2017. Meanwhile, the Suppliers' Delivery Time sub-index lengthened at a higher 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 December 2017. Moreover, The Expectation for activities indicates an improvement for the next three months.
- **The Services Sector PMI** recorded 61.2 index points in December from 57.4 index points in November 2017. This indicates that the Services sector activities expanded at a higher rate in December 2017. This was supported by all sub-indices namely New Businesses, Business Activity, Employment, Backlogs of Work and Expectations for Activity. This is the first time that Backlogs of Work sub index increased beyond the 50.0 threshold since the survey began in May 2015. New Businesses reached a six-month high, indicating further growth momentum in the Services sector. The expansion in Business Activity was mainly observed in wholesale and retail trade; and accommodation, food and beverage service sub sectors, reasons being increased demand in festival season and increase in both local and foreign tourism. Prices Charged increased at a higher rate in December compared to November 2017 due to increased demand in festival season. Expected Labour Cost increased in December 2017 due to encashment of unutilized leave for 2017 and expected salary increments in 2018 under collective agreements.

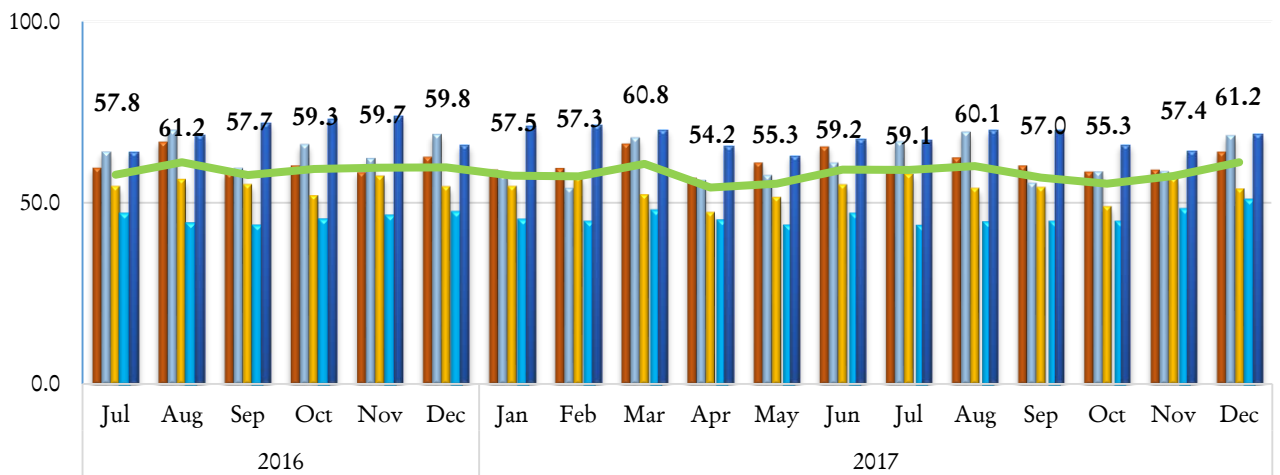
	Y\M	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PMI Manufacturing	2015	n.a.	n.a.	n.a.	n.a.	67.3	57.5	55.5	56.5	53.2	57.8	54.8	57.9
	2016	51.9	55.3	60.7	41.6	47.9	55.1	50.6	53.5	57.7	56.5	58.4	58.3
	2017	56.2	57.1	66.5	41.8	57.9	56.1	54.3	54.4	59.0	54.8	58.8	59.1
PMI Services	2015	n.a.	n.a.	n.a.	n.a.	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	55.3	57.4	61.2

PMI - Manufacturing



■ New Orders Index
 ■ Production Index
 ■ Employment Index
■ Stock of Purchases Index
 ■ Suppliers' Delivery Time Index
 — PMI

PMI - Services



■ New Businesses Index
 ■ Business Activity Index
 ■ Employment Index
■ Backlogs of Work Index
 ■ Expectations for Activity Index
 — PMI

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.