

Purchasing Managers Index of Puerto Rico Manufacturing

February 2020



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PUERTO RICO MANUFACTURING PMI INCREASED TO 49.5 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 49.5 in February and remained below the threshold level for the eleventh consecutive month. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders, Production and Employment sub-indexes increased with respect to the previous month. On a positive note, the Production and Employment sub-indexes were above the threshold level of 50. Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 66 of the 118 months since the survey was first undertaken. The PRM-PMI is currently available only on a Non-Seasonally Adjusted (NSA) basis which means that seasonal fluctuations can affect its performance.

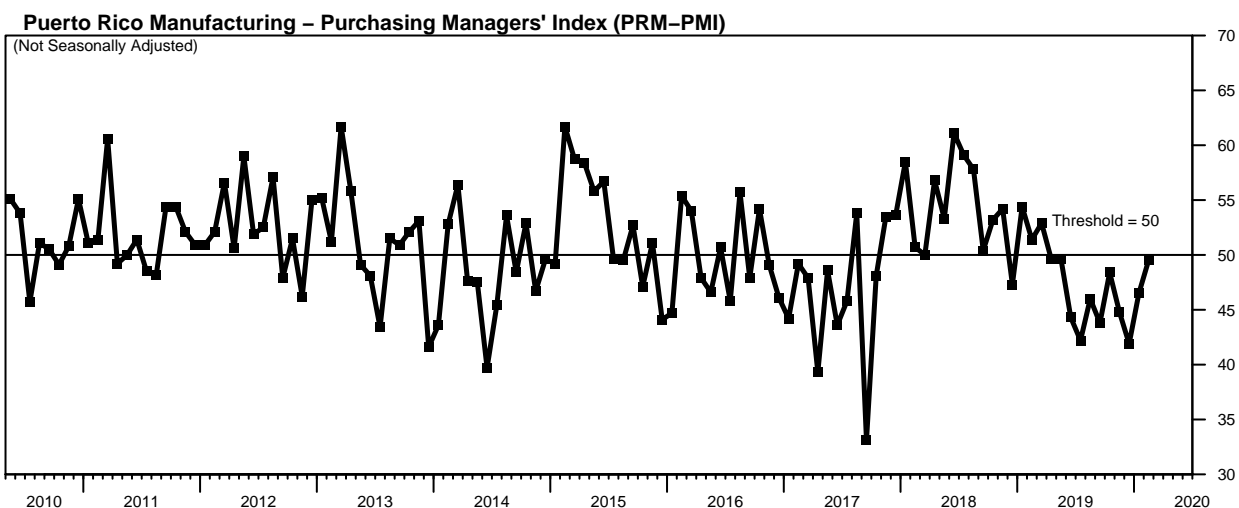


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2020

	Better	Same	Worse	PMI		
Órdenes nuevas	20	50	30	45	Lower	New orders
Producción	35	45	20	57.5	Higher	Production
Empleo	10	85	5	52.5	Higher	Employment
Entregas de suplidores	5	80	15	45	Faster	Supplier deliveries
Inventarios de su empresa	15	65	20	47.5	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				49.5	Contraction	

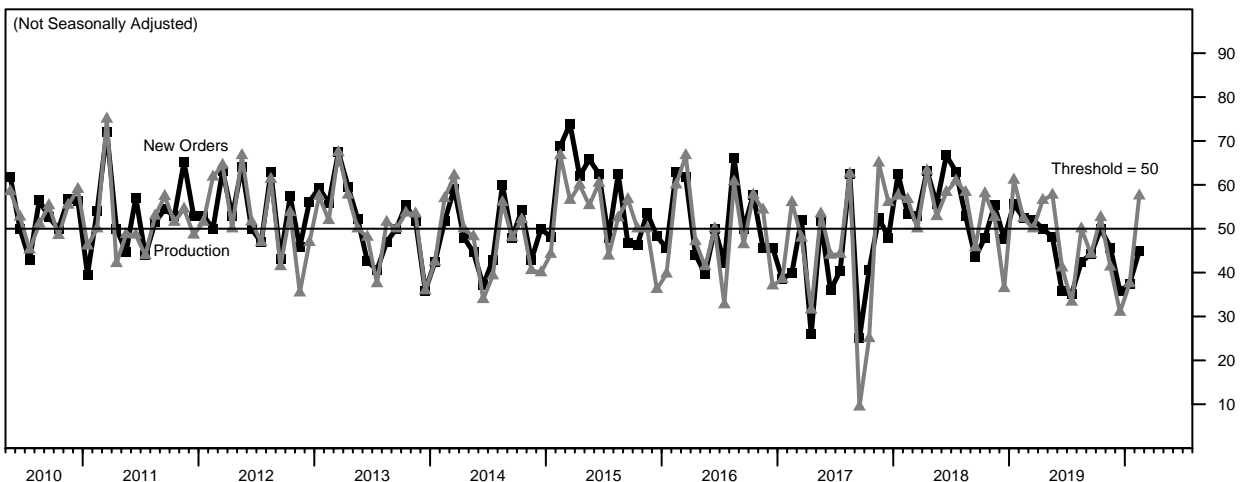
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) increased to 45.0, which is below the threshold. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in February were lower than in January.

Production

The Production PMI (NSA) increased to 57.5 in January, after having decreased to 37.5 last month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was higher than in February.

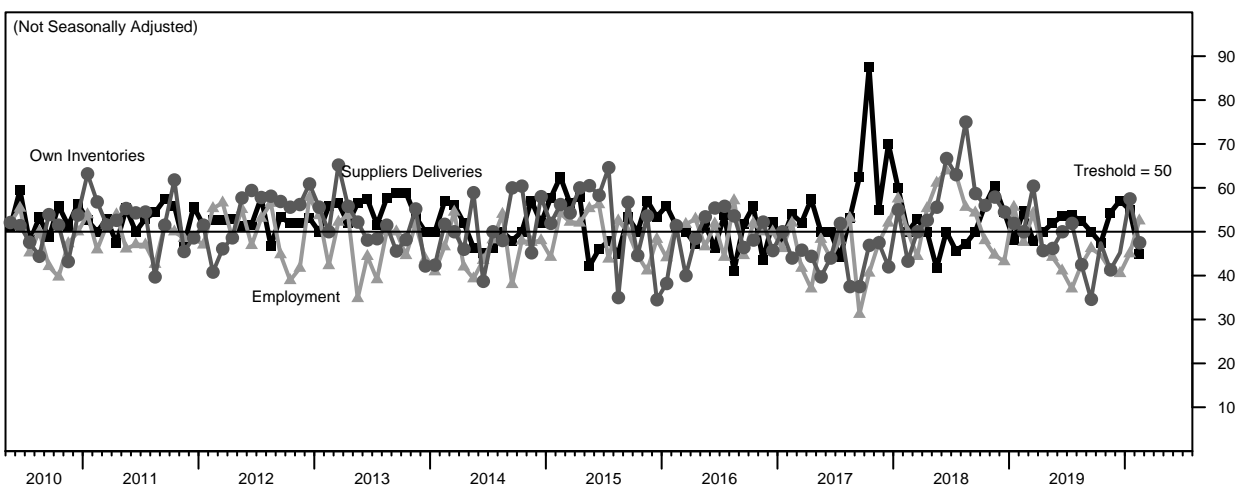


Employment

In February, the Employment PMI (NSA) increased to 52.2, being above the threshold level for the first time in eleven months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February increased compared to January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 45.0 in January, being below the threshold level. A reading below the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in February was faster than in January.



Own Inventories

In January, the Own Inventories PMI (NSA) decreased to 47.5, which is below the threshold level of 50. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were lower than in January.

Methodological note

The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) is the result of a collaborative project between the Puerto Rico Manufacturers Association and the Puerto Rico Institute of Statistics. The PRM-PMI measures short-run business conditions in Puerto Rico's manufacturing sector, and provides a broad-based metric for the productive side of Puerto Rico's economy. It is currently in a testing phase to ensure a reliable methodology. The methodology is similar to PMI surveys conducted elsewhere. The survey questionnaire is available at <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>. The participants include manufacturing establishments with 50 or more employees with membership in the Puerto Rico Manufacturers Association. Currently, results are presented on a Non-Seasonally Adjusted (NSA) basis. In the future, with sufficient data points, a seasonally adjusted version of the PRM-PMI will be prepared, which will smooth away the influence of any seasonal fluctuations.

The PRM-PMI is calculated as the simple average of 5 sub-indexes, representing different business conditions in manufacturing establishments: New Orders PMI, Production PMI, Employment PMI, Supplier Deliveries PMI, Own Inventories PMI. The sub-indexes are computed using a diffusion index methodology. Specifically, for any given month with respect to the previous month, participants are asked to answer whether the business condition of the establishment: (1) improved, (2) remained the same, or (3) deteriorated. Diffusion indexes are calculated as the percentage of responses that indicate the business condition improved plus half of the percentage of responses that indicate the business condition remained the same. Responses that indicate the business condition deteriorated are not taken into account in calculating diffusion indexes. The survey also includes questions on other business conditions. The diffusion indexes that correspond to these questions are currently under evaluation.

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Publication calendar

The monthly PRM-PMI report is published at 10:00 a.m. on the first business day of the month. In specific, the table below shows the expected publication dates of the PRM-PMI report during calendar year 2020:

Reference month	Publication date
Nov-19	January 2, 2020
Dec-19	February 3, 2020
Jan-20	March 3, 2020
Feb-20	April 1, 2020
Mar-20	May 1, 2020
Apr-20	June 1, 2020

Reference month	Publication date
May-20	July 1, 2020
Jun-20	August 3, 2020
Jul-20	September 1, 2020
Aug-20	October 1, 2020
Sep-20	November 2, 2020
Oct-20	December 1, 2020