

# Purchasing Managers Index of Puerto Rico Manufacturing

## August 2019



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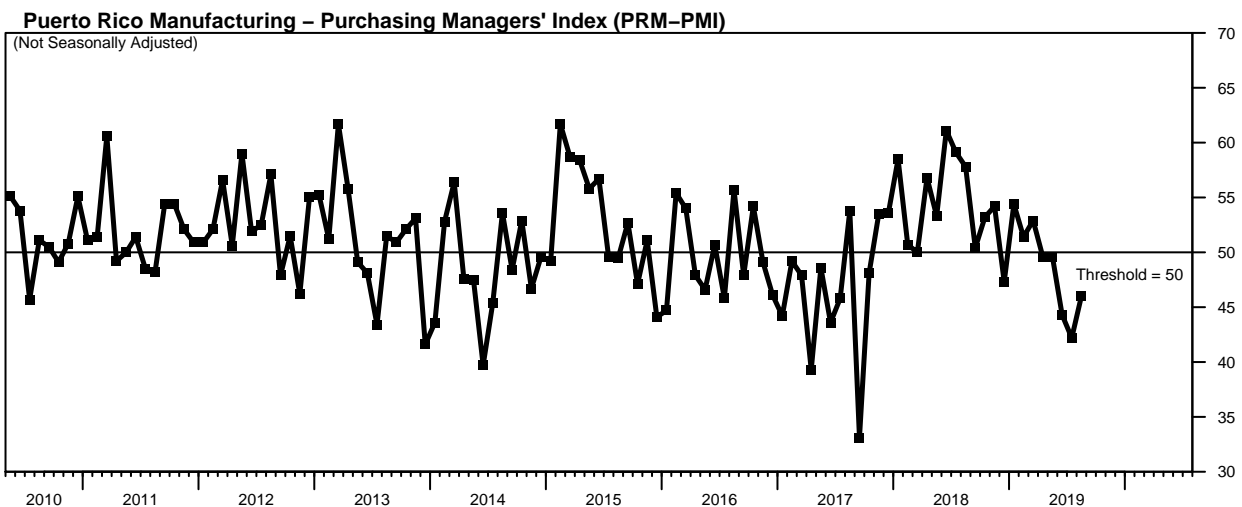
until 10:00 a.m. (AST) Tuesday, October 1, 2019

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### PUERTO RICO MANUFACTURING PMI ROSE TO 46.0 IN AUGUST

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector edged up to 46.0 in August, but remained below the threshold level for the fifth 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. However, just the Production and Suppliers Deliveries sub-indexes were at or 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 112 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): August 2019**

	Better	Same	Worse	PMI		
Órdenes nuevas	10	65	25	42.5	Lower	New orders
Producción	15	70	15	50	Same	Production
Empleo	5	75	20	42.5	Lower	Employment
Entregas de suplidores	5	95	0	52.5	Slower	Supplier deliveries
Inventarios de su empresa	5	75	20	42.5	Lower	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>46</b>	<b>Contraction</b>	

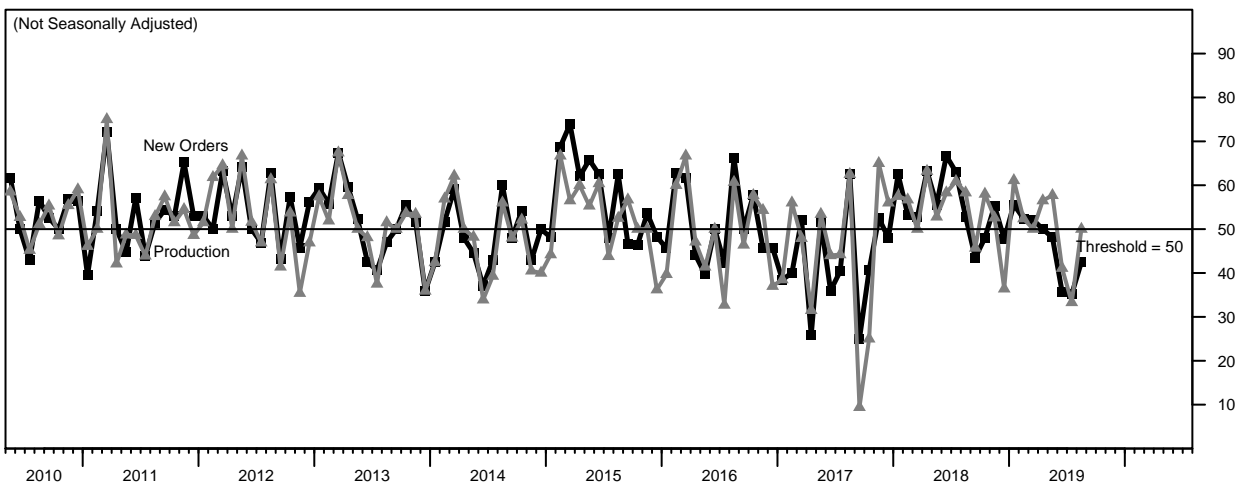
Note: Not Seasonally Adjusted (NSA)

## New Orders

In August, the New Orders PMI (NSA) grew to 42.5, but remained below the threshold level for the fourth consecutive month. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in August were lower than in July.

## Production

The Production PMI (NSA) took off to the threshold level of 50.0 in August, after two consecutive months below it. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in August was the same as in July.

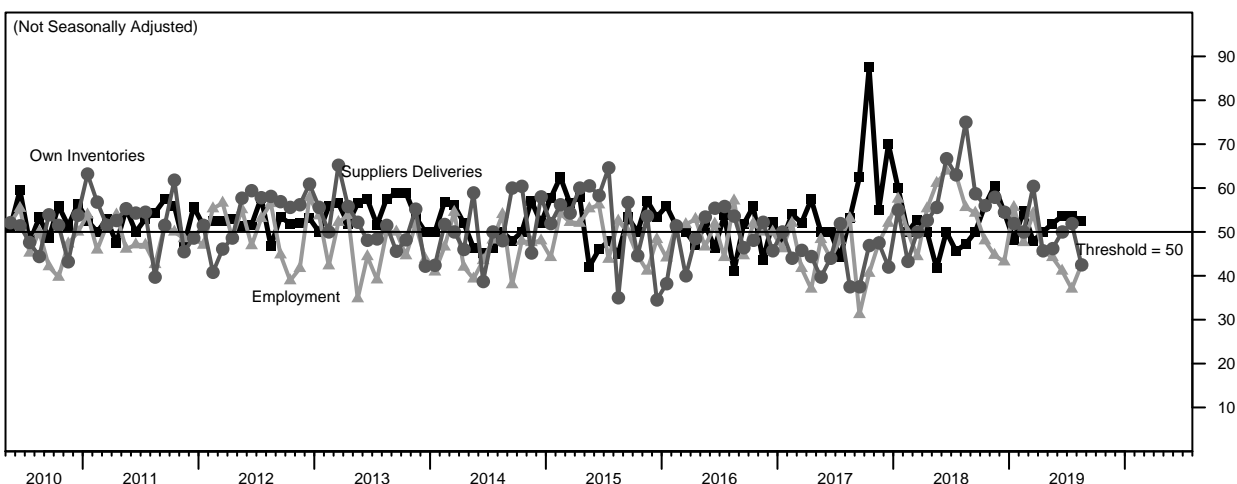


## Employment

In August, the Employment PMI (NSA) edged up to 42.5, but remained below the threshold level for the fifth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in August was lower than in July.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) ticked down to 52.5 in August, remaining at or above the threshold level for the fifth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in August was slower than in July, suggesting a higher demand for intermediate goods.



## Own Inventories

In August, the Own Inventories PMI (NSA) fell below the threshold level to 42.5, after having been at or above the threshold level for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in August were lower than in July.

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### 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 2019:

Reference month	Publication date
Nov-18	January 4, 2019
Dec-18	February 1, 2019
Jan-19	March 1, 2019
Feb-19	April 1, 2019
Mar-19	May 1, 2019
Apr-19	June 3, 2019

Reference month	Publication date
May-19	July 1, 2019
Jun-19	August 1, 2019
Jul-19	September 3, 2019
Aug-19	October 1, 2019
Sep-19	November 1, 2019
Oct-19	December 2, 2019