

Purchasing Managers Index of Puerto Rico Manufacturing

July 2019



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PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 42.2 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector slipped to 42.2 in July, remaining below the threshold level for the fourth consecutive month. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. The Supplier Deliveries sub-index edged up to 53.7 in July, remaining at or above the threshold level for the fourth consecutive month. In contrast, the Employment sub-index remains below the threshold level for the fourth consecutive month, having sunk to 37.0 in July. Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 66 of the 111 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.

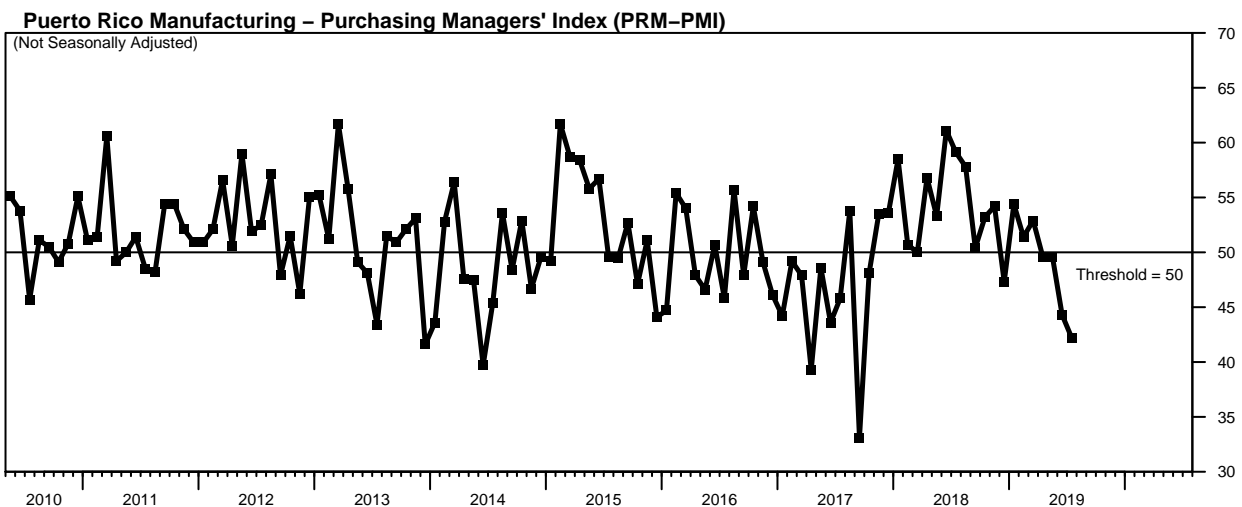


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2019

	Better	Same	Worse	PMI		
Órdenes nuevas	11.1	48.1	40.7	35.2	Lower	New orders
Producción	11.1	44.4	44.4	33.3	Lower	Production
Empleo	0	74.1	25.9	37	Lower	Employment
Entregas de suplidores	11.1	85.2	3.7	53.7	Slower	Supplier deliveries
Inventarios de su empresa	25.9	51.9	22.2	51.9	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 42.2 Contraction

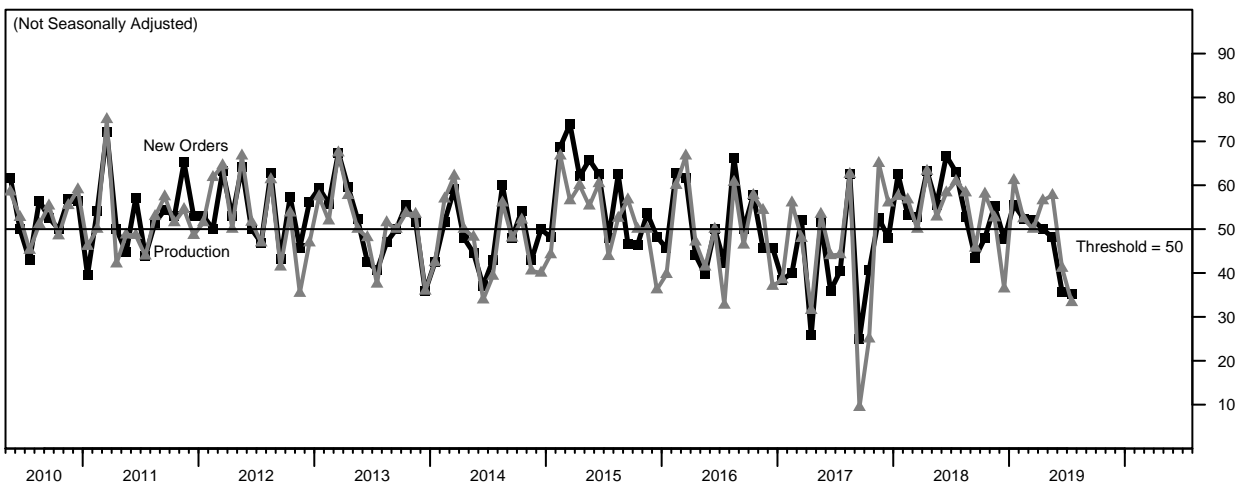
Note: Not Seasonally Adjusted (NSA)

New Orders

In July, the New Orders PMI (NSA) ticked down to 35.2, remaining below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in July were lower than in June.

Production

The Production PMI (NSA) fell to 33.3 in July, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.

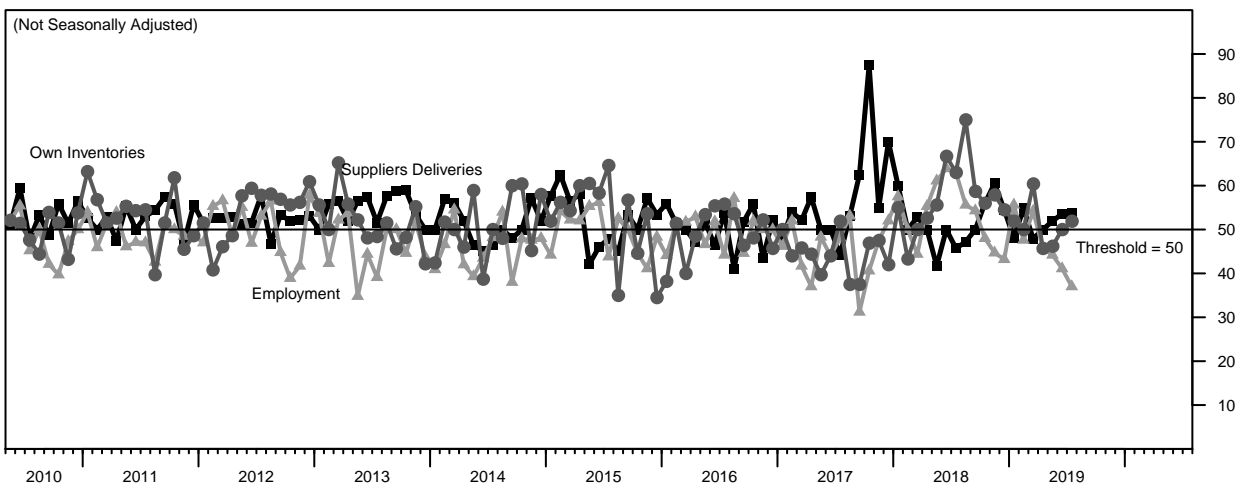


Employment

In July, the Employment PMI (NSA) sank to 37.0, remaining below the threshold level for the fourth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was lower than in June.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged up to 53.7 in July, remaining at or above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in July was slower than in June, suggesting a higher demand for intermediate goods.



Own Inventories

In July, the Own Inventories PMI (NSA) rose to 51.9, remaining at or above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher as in June.

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