

Purchasing Managers Index of Puerto Rico Manufacturing

January 2019

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(787) 993-3336 • preguntas@estadisticas.pr

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PUERTO RICO MANUFACTURING PMI ROSE TO 54.4 IN JANUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector vaulted over the threshold level to 54.4 in January. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes were over the threshold level in January, except for the Suppliers Deliveries sub-index. The Own Inventories sub-index dipped to 51.9 in January, but remained at or above the threshold level for the eleventh consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 64 of the 105 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.

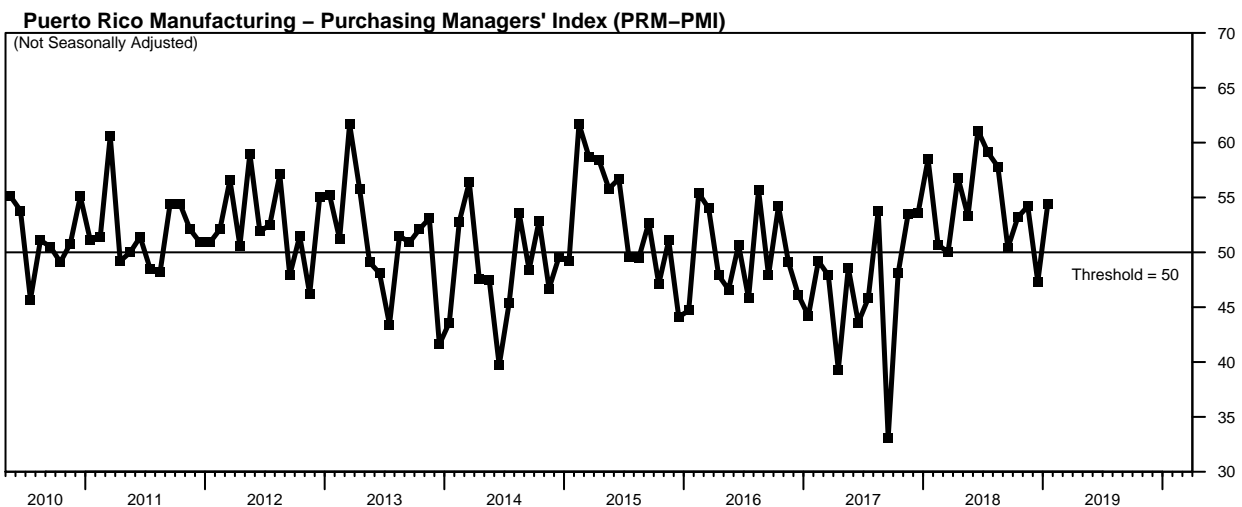


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2019

	Better	Same	Worse	PMI		
Órdenes nuevas	25.9	59.3	14.8	55.6	Higher	New orders
Producción	33.3	55.6	11.1	61.1	Higher	Production
Empleo	18.5	74.1	7.4	55.6	Higher	Employment
Entregas de suplidores	3.7	88.9	7.4	48.1	Faster	Supplier deliveries
Inventarios de su empresa	25.9	51.9	22.2	51.9	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				54.4	Expansion	

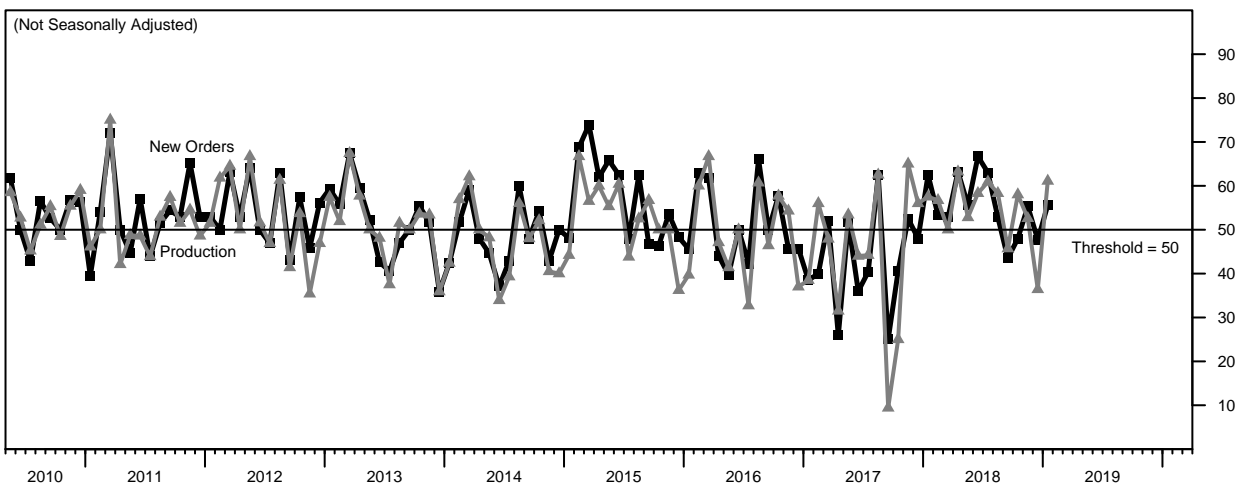
Note: Not Seasonally Adjusted (NSA)

New Orders

In January, the New Orders PMI (NSA) climbed over the threshold level to 55.6. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in January were higher than in December.

Production

The Production PMI (NSA) leapt over the threshold level to 61.1 in January. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was higher than in December.

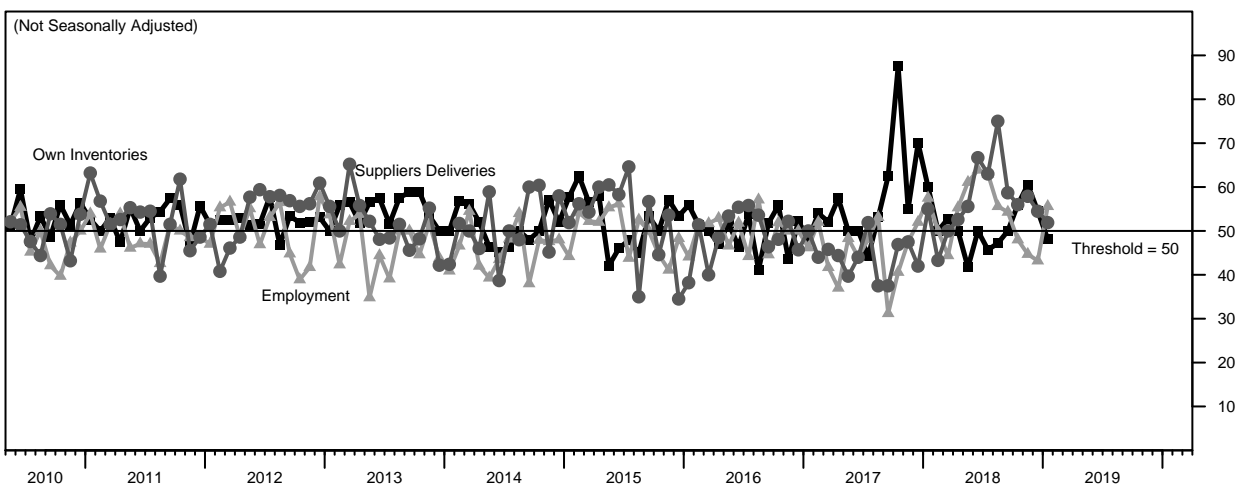


Employment

In January, the Employment PMI (NSA) jumped over the threshold level to 55.6, after three consecutive months below it. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was higher than in December.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) dipped to 48.1 in January, falling below the threshold level after four consecutive months above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in January was faster than in December, suggesting a lower demand for intermediate goods.



Own Inventories

In January, the Own Inventories PMI (NSA) moved down to 51.9, but remained at or above the threshold level for the eleventh consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were higher than in December.

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 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. In specific, 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. 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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Contact information

Contact person: Leira M. Nogué Souffront, Statistical Projects Assistant

Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919

Telephones: Direct – (787) 993-3337; Fax – (787) 993-3346; E-mail – leira.nogue@estadisticas.pr

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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 2018:

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