

Purchasing Managers Index of Puerto Rico Manufacturing

September 2018

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<https://estadisticas.pr/encuestas/puerto-rico-manufacturing>

PUERTO RICO MANUFACTURING PMI DECLINED TO 50.4 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 50.4 in September, but remained at or above the threshold of 50 for the eleventh consecutive month. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes decreased in September with respect to the previous month, except for the Suppliers Deliveries sub-index which climbed to the threshold level of 50. The Production sub-index dropped to 45.7 in September, moving below the threshold level after ten consecutive months at or above it. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 61 of the 101 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.

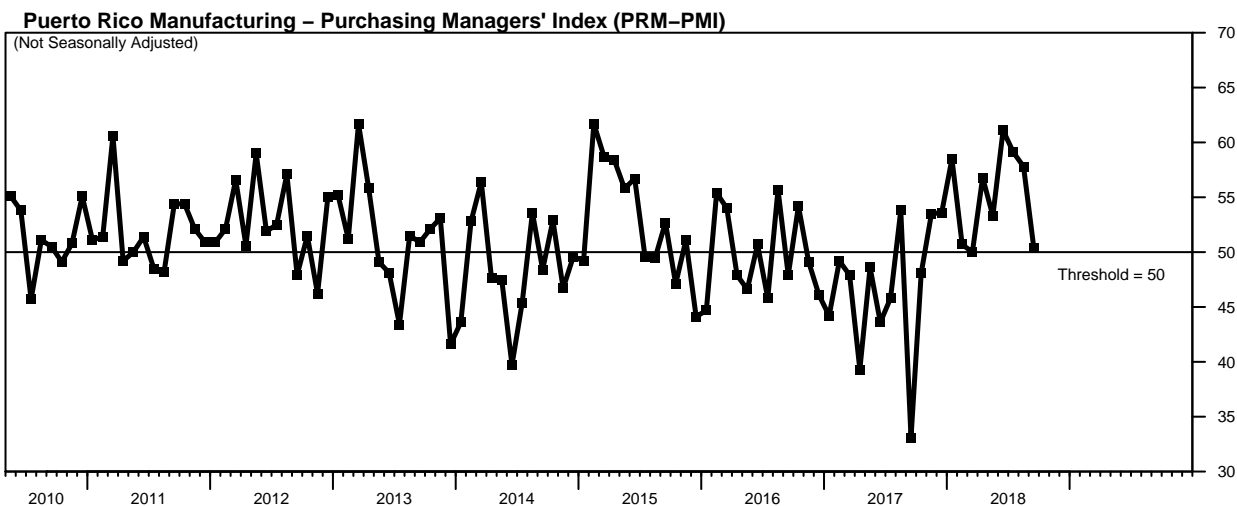


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	21.7	43.5	34.8	43.5	Lower	New orders
Producción	21.7	47.8	30.4	45.7	Lower	Production
Empleo	13	82.6	4.3	54.3	Higher	Employment
Entregas de suplidores	4.3	91.3	4.3	50	Same	Supplier deliveries
Inventarios de su empresa	34.8	47.8	17.4	58.7	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 50.4 Expansion

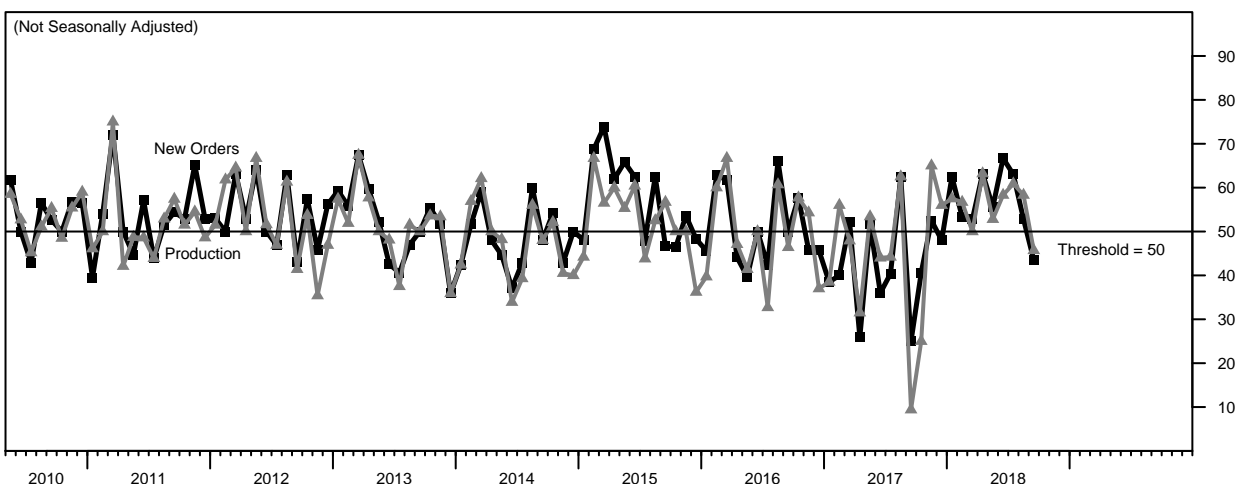
Note: Not Seasonally Adjusted (NSA)

New Orders

In September, the New Orders PMI (NSA) decreased to 43.5, falling below the threshold level after eight consecutive months above it. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in September were lower than in August.

Production

The Production PMI (NSA) dropped to 45.7 in September, moving below the threshold level after ten consecutive months at or above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was lower than in August.

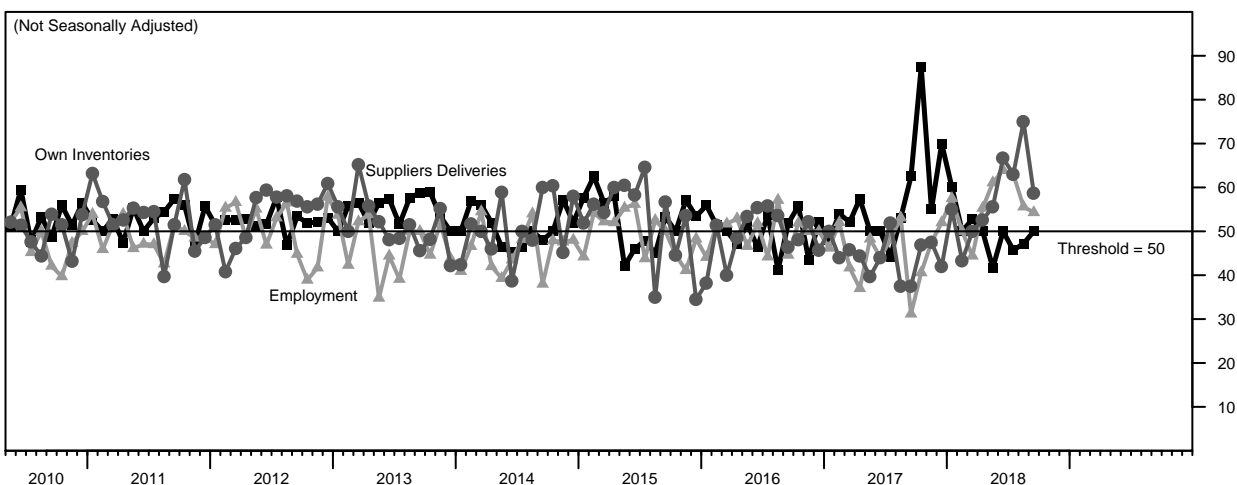


Employment

In September, the Employment PMI (NSA) ticked down to 54.3, but remained over the threshold level for the sixth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was higher than in August.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose to the threshold level of 50.0 in September, after two consecutive months below it. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in September was the same as in August.



Own Inventories

In September, the Own Inventories PMI (NSA) plummeted to 58.7 after reaching its highest level last month, but remained at or above the threshold level for the seventh consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were higher than in August.

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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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-17	January 2, 2018
Dec-17	February 1, 2018
Jan-18	March 1, 2018
Feb-18	April 2, 2018
Mar-18	May 1, 2018
Apr-18	June 1, 2018

Reference month	Publication date
May-18	July 2, 2018
Jun-18	August 1, 2018
Jul-18	September 4, 2018
Aug-18	October 1, 2018
Sep-18	November 1, 2018
Oct-18	December 3, 2018