

Purchasing Managers Index of Puerto Rico Manufacturing

December 2018

Transmission of material in this release is embargoed

until 10:00 a.m. (AST) Friday, February 1, 2019

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

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

PUERTO RICO MANUFACTURING PMI DECLINED TO 47.3 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector fell below the threshold level to 47.3 in December, after thirteen consecutive months above it. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes decreased in December when compared with the November reading. The Own Inventories sub-index edged down to 54.5 in December, but remained at or above the threshold level for the tenth consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 63 of the 104 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.

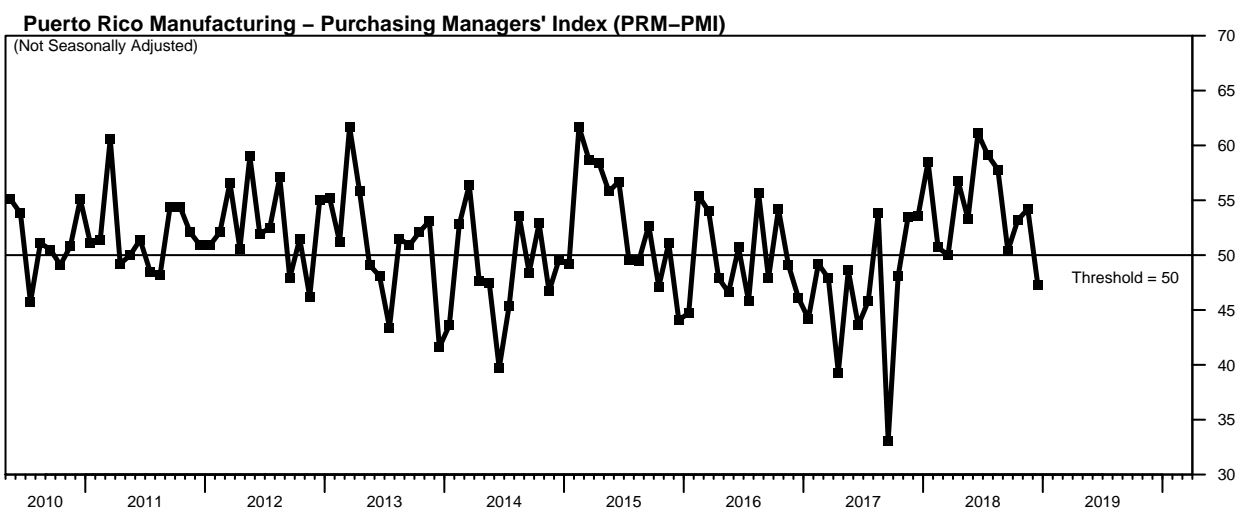


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	22.7	50	27.3	47.7	Lower	New orders
Producción	9.1	54.5	36.4	36.4	Lower	Production
Empleo	4.5	77.3	18.2	43.2	Lower	Employment
Entregas de suplidores	13.6	81.8	4.5	54.5	Slower	Supplier deliveries
Inventarios de su empresa	27.3	54.5	18.2	54.5	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				47.3	Contraction	

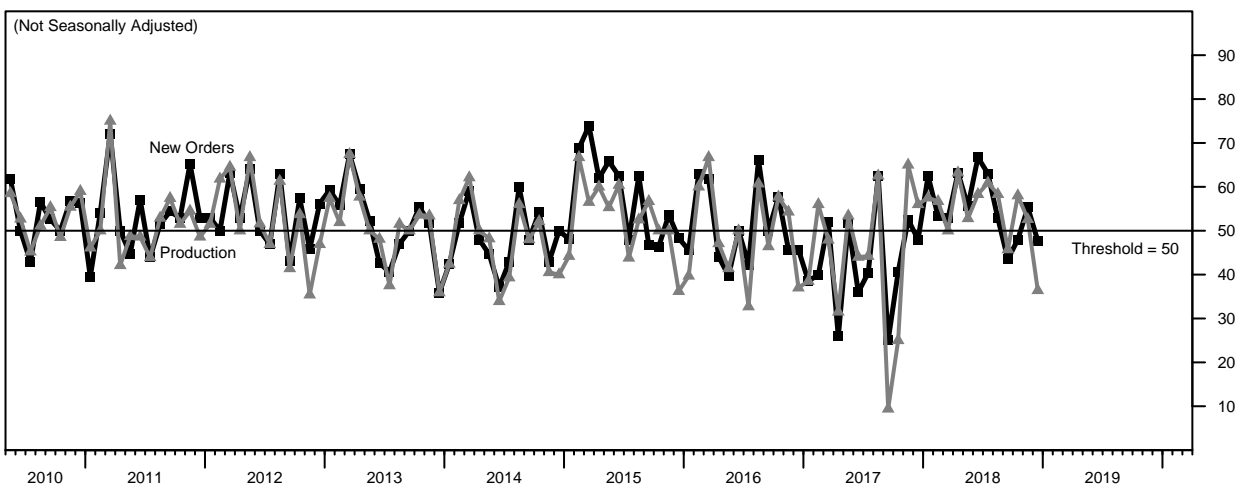
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) shrank to 47.7, falling below the threshold level. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in December were lower than in November.

Production

The Production PMI (NSA) plummeted to 36.4 in December, falling below the threshold level after two consecutive months above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

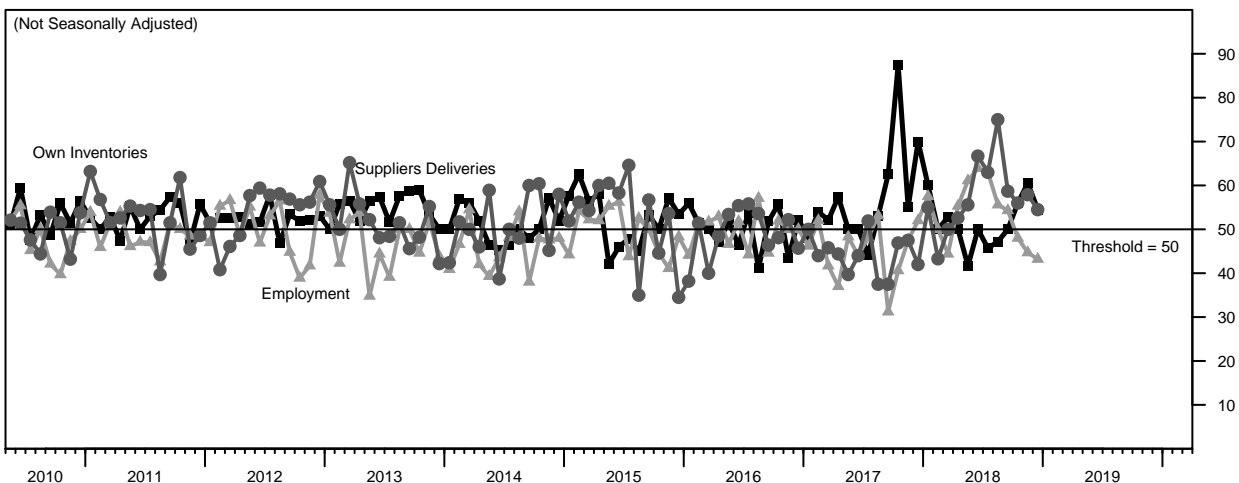


Employment

In December, the Employment PMI (NSA) inched down to 43.2, remaining below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was lower than in November.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 54.5 in December, but remained 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 December was slower than in November, suggesting a higher demand for intermediate goods.



Own Inventories

In December, the Own Inventories PMI (NSA) edged down to 54.5, but remained at or above the threshold level for the tenth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were higher than in November.

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.

This report was prepared by the staff of the Puerto Rico Institute of Statistics and has not been evaluated by the Board of Directors of the Puerto Rico Institute of Statistics. The information contained in this report need not reflect the official opinion of the Board of Directors of the Puerto Rico Institute of Statistics. No warranty, express or implied, is attached to these figures. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Contact information

Contact person: Mario Marazzi-Santiago, PhD, Executive Director

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 – mario.marazzi@estadisticas.pr.

To obtain a copy of this report

(1) visit <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>, (2) email your request to preguntas@estadisticas.pr, (3) call (787) 993-3336, (4) fax your request to (787) 993-3346, (5) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (6) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

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