

Purchasing Managers Index of Puerto Rico Manufacturing

February 2018

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until 10:00 a.m. (AST) Monday, 2, 2018

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PUERTO RICO MANUFACTURING PMI DECREASED TO 50.7 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector edged down to 50.7 in February, but remained above the threshold level of 50 for the fourth consecutive month. A reading above the threshold suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes decreased in February when compared with the January reading. The Supplier Deliveries sub-index declined to the threshold level of 50.0, potentially suggesting that the effect of Hurricane Maria on the speed of suppliers' deliveries may have ended by February. However, a full 5 months after the Hurricane, a third of manufacturing businesses cited lack of reliable electricity as a factor that was continuing to affect their operations, surpassed only by a lack of reliable telecommunication service (47%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 54 of the 94 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.

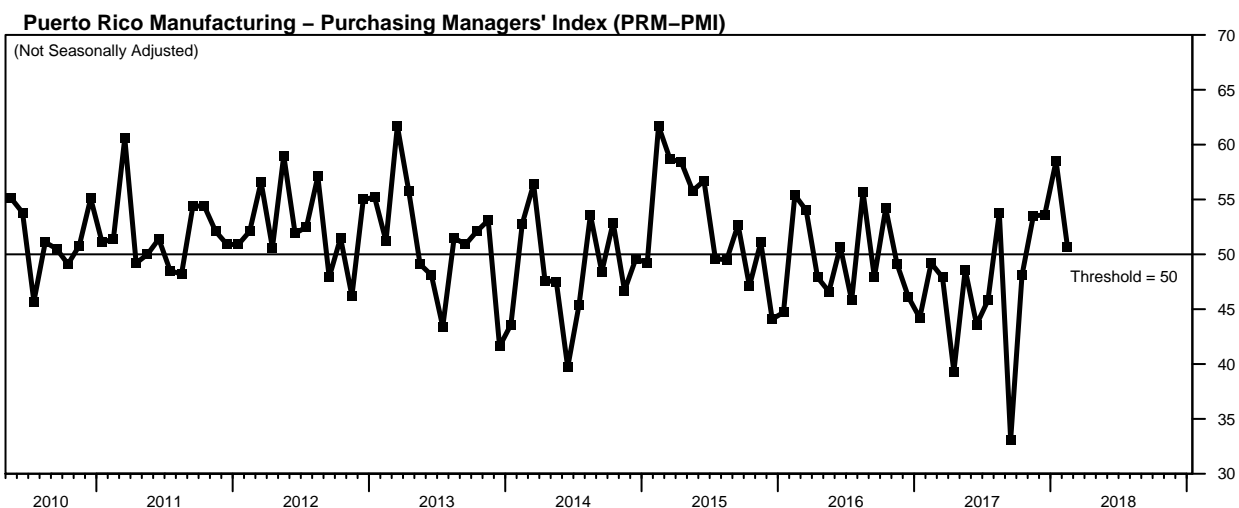


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	33.3	40	26.7	53.3	Higher	New orders
Producción	33.3	46.7	20	56.7	Higher	Production
Empleo	13.3	73.3	13.3	50	Same	Employment
Entregas de suplidores	20	60	20	50	Same	Supplier deliveries
Inventarios de su empresa	26.7	33.3	40	43.3	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				50.7	Expansion	

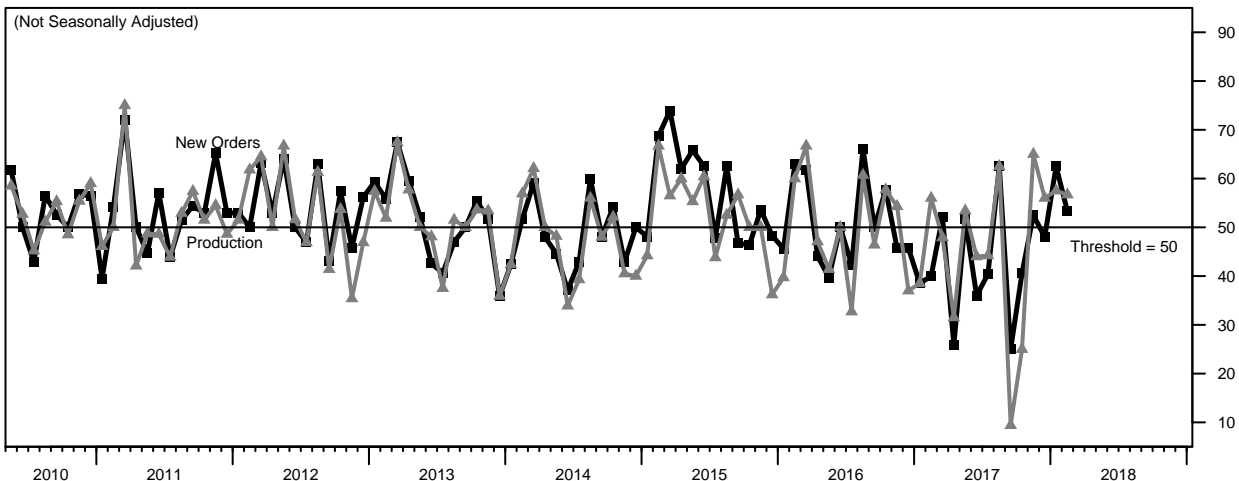
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) moved down to 53.3, but remained over the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in February were higher than in January.

Production

The Production PMI (NSA) ticked down to 56.7 in February, but remained over the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January.

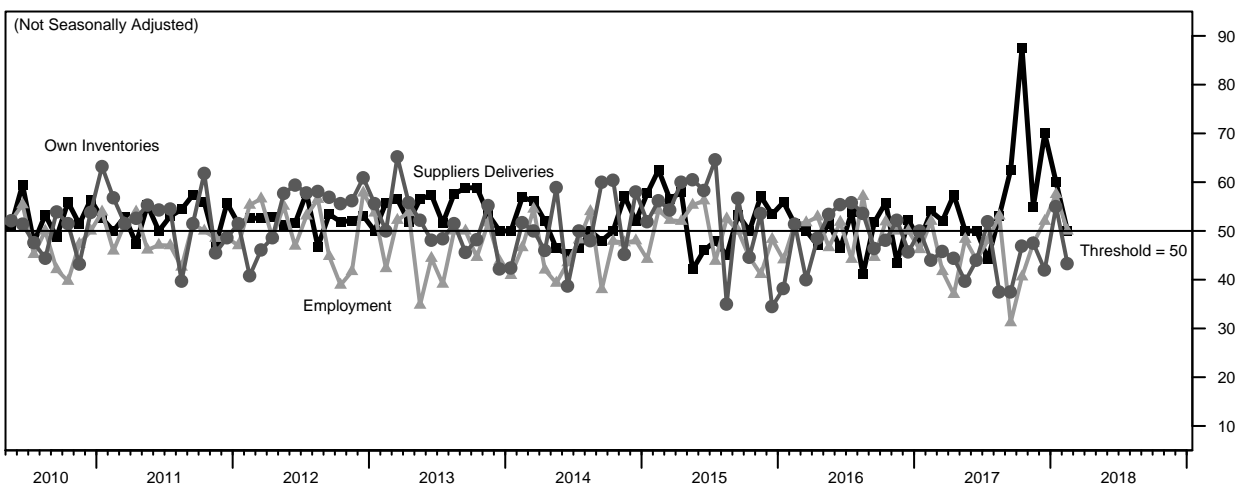


Employment

In February, the Employment PMI (NSA) fell to the threshold level of 50.0, remaining at or above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was higher than in January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) dipped to the threshold level of 50.0, but remained at or above the threshold level for the seventh consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in February was the same as in January, potentially suggesting that the effect of Hurricane Maria on the speed of suppliers' deliveries may have ended.



Own Inventories

In February, the Own Inventories PMI (NSA) plunged below the threshold level to 43.3. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were lower than in January.

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