

Purchasing Managers Index of Puerto Rico Manufacturing

November 2018

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PUERTO RICO MANUFACTURING PMI EDGED UP TO 54.2 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 54.2 in November, remaining at or above the threshold of 50 for thirteen consecutive months. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes were at or above the threshold level in November, except for the Employment sub-index. The Supplier Deliveries sub-index grew to 60.5 in November, remaining at or above the threshold level for the third consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 63 of the 103 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.

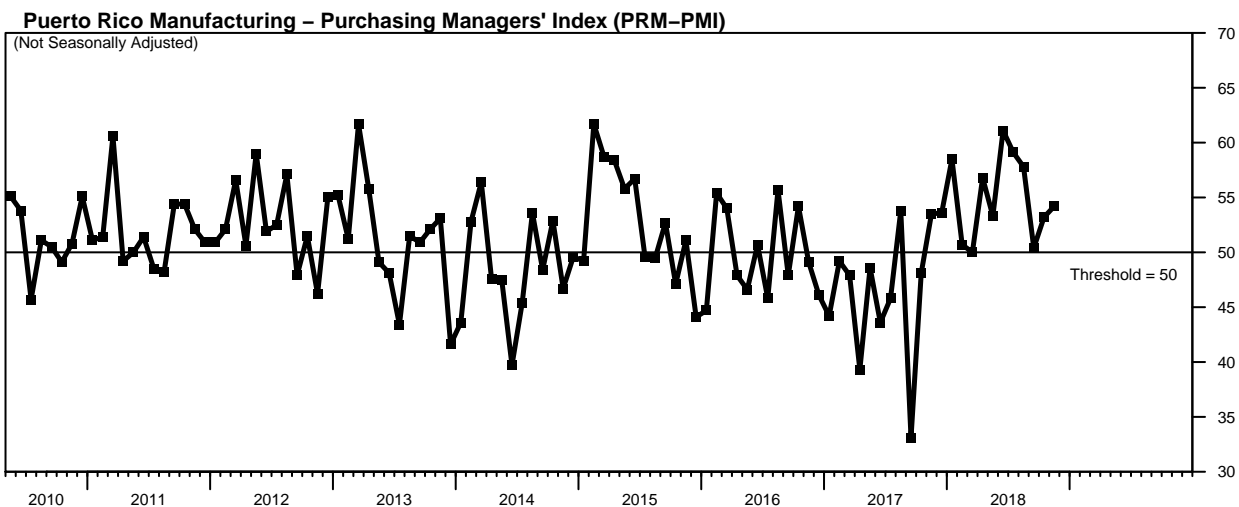


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	31.6	47.4	21.1	55.3	Higher	New orders
Producción	31.6	42.1	26.3	52.6	Higher	Production
Empleo	15.8	57.9	26.3	44.7	Lower	Employment
Entregas de suplidores	26.3	68.4	5.3	60.5	Slower	Supplier deliveries
Inventarios de su empresa	36.8	42.1	21.1	57.9	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 54.2 Expansion

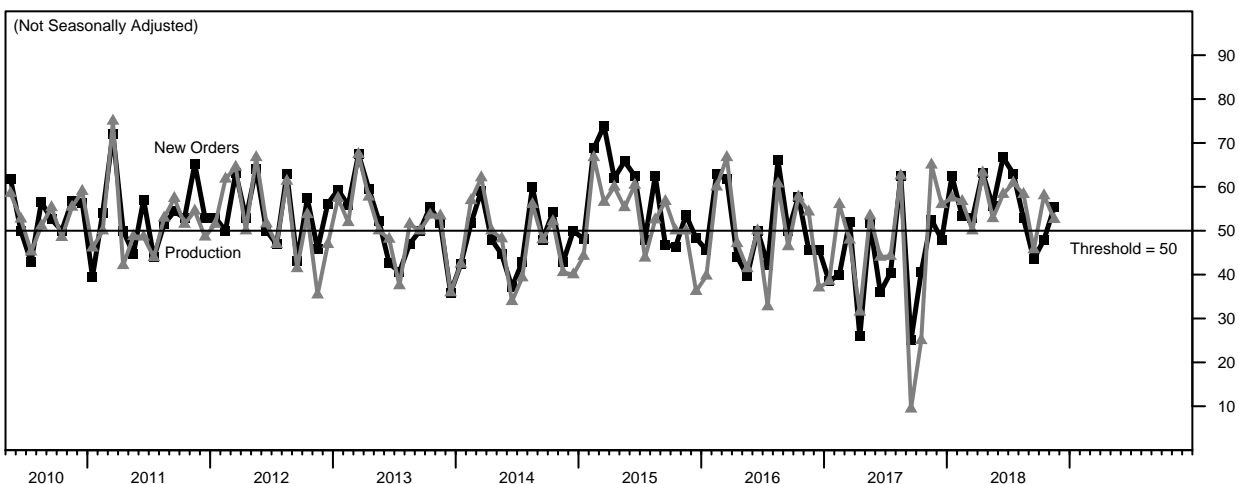
Note: Not Seasonally Adjusted (NSA)

New Orders

In November, the New Orders PMI (NSA) jumped over the threshold level to 55.3, after two consecutive months below it. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in November were higher than in October.

Production

The Production PMI (NSA) declined to 52.6 in November, but remained over the threshold for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was higher than in October.

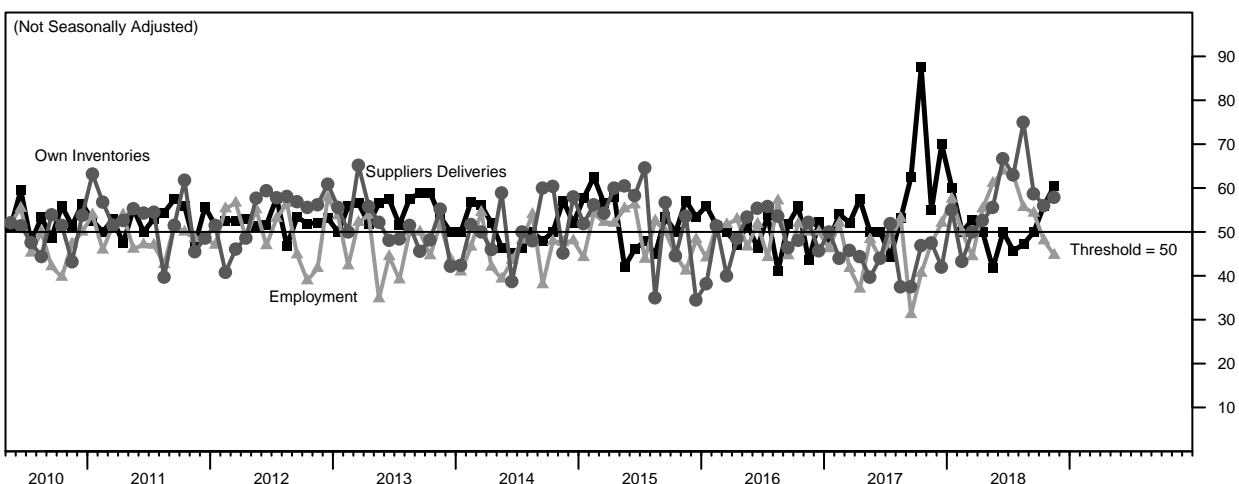


Employment

In November, the Employment PMI (NSA) inched down to 44.7, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was lower than in October.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 60.5 in November, 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, the speed of supply deliveries in November was slower than in October, suggesting a higher demand for intermediate goods.



Own Inventories

In November, the Own Inventories PMI (NSA) rose to 57.9, remaining at or above the threshold level for the ninth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November were higher than in October.

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