

Purchasing Managers Index of Puerto Rico Manufacturing

May 2018

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PUERTO RICO MANUFACTURING PMI DECREASED TO 53.3 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 53.3 in May, remaining at or above the threshold of 50 for the seventh 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 were above the threshold level in May, except for the Supplier Deliveries sub-index, which fell below for the first time since before Hurricane Maria affected suppliers in Puerto Rico. The New Orders and Production sub-indexes also dropped, to 55.6 and 52.8, respectively, but remained at or above the threshold level for the seventh and fifth consecutive months. Meanwhile, the Employment sub-index rose to 61.1. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 57 of the 97 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.

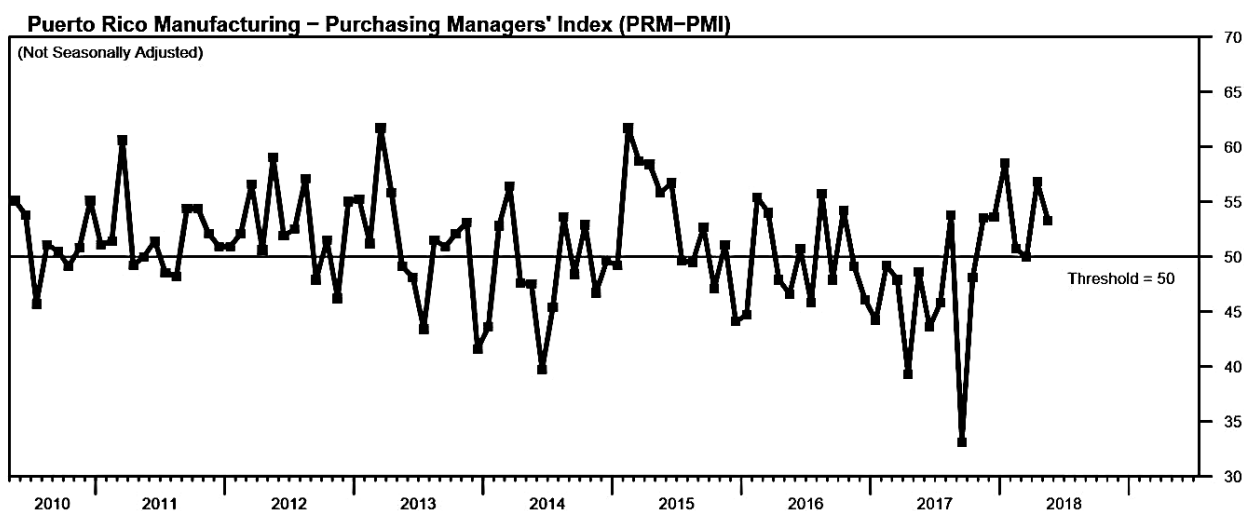


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): May 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	16.7	77.8	5.6	55.6	Higher	New orders
Producción	22.2	61.1	16.7	52.8	Higher	Production
Empleo	22.2	77.8	0	61.1	Higher	Employment
Entregas de suplidores	0	83.3	16.7	41.7	Faster	Supplier deliveries
Inventarios de su empresa	22.2	66.7	11.1	55.6	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				53.3	Expansion	

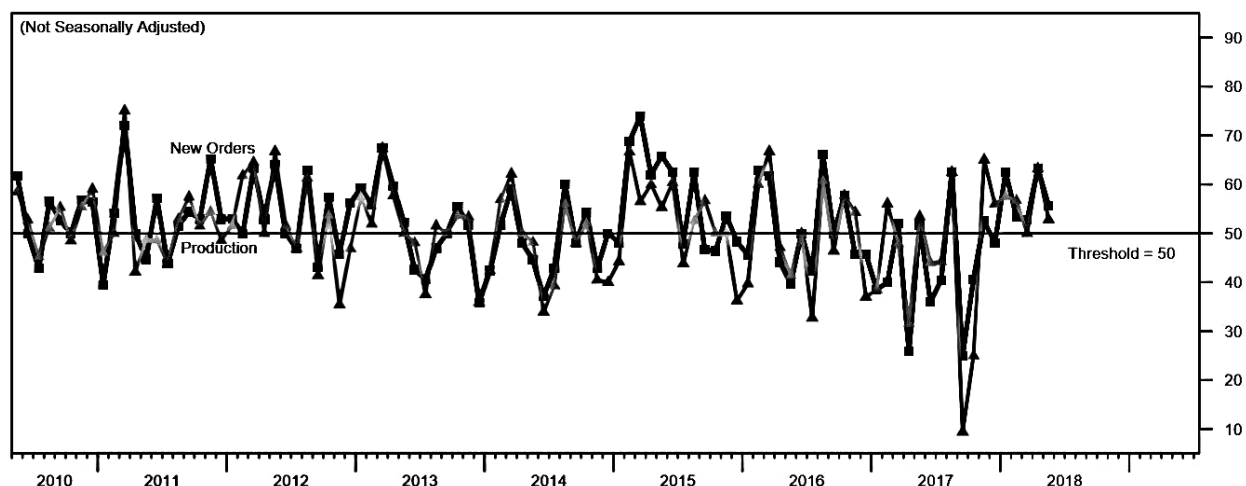
Note: Not Seasonally Adjusted (NSA)

New Orders

In May, the New Orders PMI (NSA) declined to 55.6, but remained over the threshold level for the fifth consecutive month. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in May were higher than in April.

Production

The Production PMI (NSA) dropped to 52.8 in May, 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, manufacturing production in May was higher than in April.

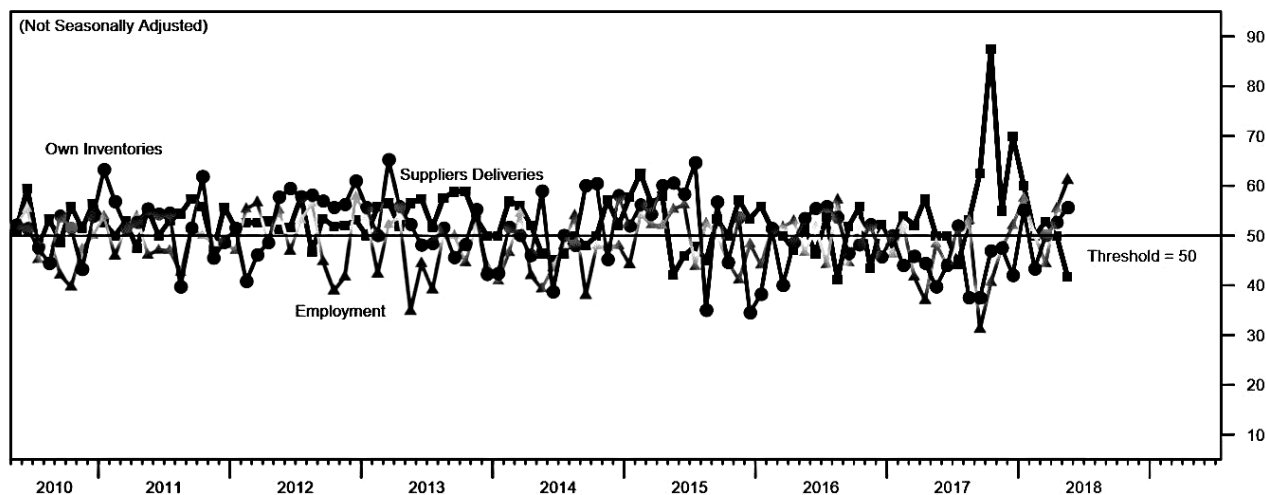


Employment

In May, the Employment PMI (NSA) rose to 61.1, remaining above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was higher than in April.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) fell to 41.7 in May, falling below the threshold level for the first time in nine consecutive months, since before Hurricane Maria affected suppliers in Puerto Rico. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries was faster in May than in April, suggesting a lower demand for intermediate goods.



Own Inventories

In April, the Own Inventories PMI (NSA) edged up to 55.6, 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, inventories in manufacturing establishments in May were higher than in April.

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