

Purchasing Managers Index of Puerto Rico Manufacturing

December 2017

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

PUERTO RICO MANUFACTURING PMI INCHED UP TO 53.6 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector ticked up to 53.6 in December, remaining above the threshold level of 50 for the second consecutive month. A reading above the threshold suggests an expansion in the manufacturing sector with respect to the previous month. The Suppliers Delivery sub-index jumped up to 70.0, but rather than reflecting increased demand for intermediate goods, it appears to reflect hurricane-related disruptions. In fact, several respondents indicated that the principal bottleneck they faced during December was the lack or delay of supplies needed for production, whether it is in the process to bring goods to Puerto Rico, or in the process to distribute goods within Puerto Rico. Other major factors still affecting manufacturing during December include lack of electricity (52%) and telecommunications system failure (52%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 52 of the 92 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.

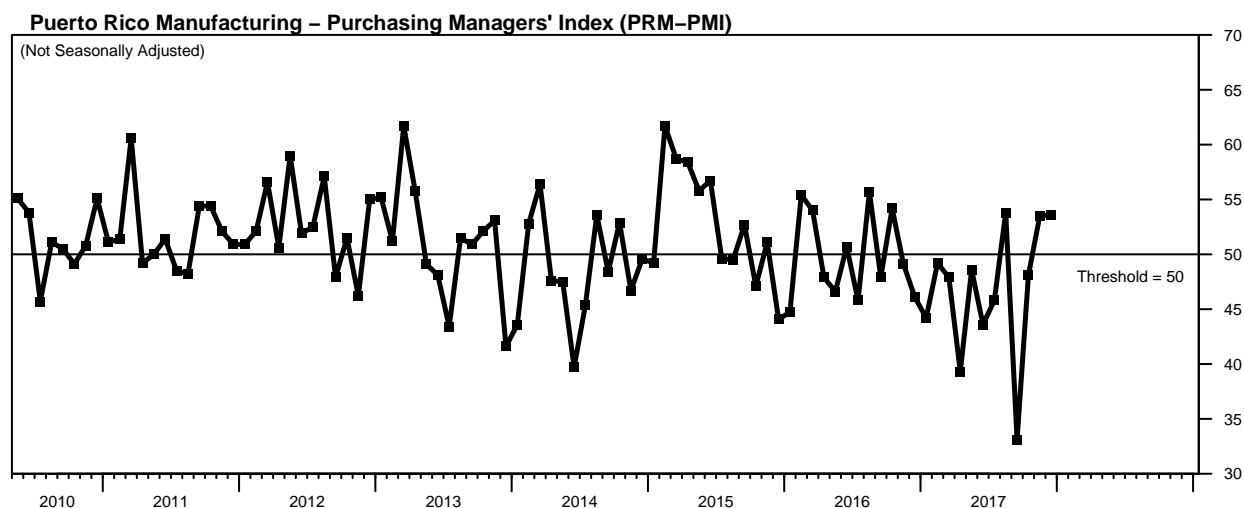


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	24	48	28	48	Lower	New orders
Producción	32	48	20	56	Higher	Production
Empleo	16	72	12	52	Higher	Employment
Entregas de suplidores	48	44	8	70	Slower	Supplier deliveries
Inventarios de su empresa	20	44	36	42	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				53.6	Expansion	

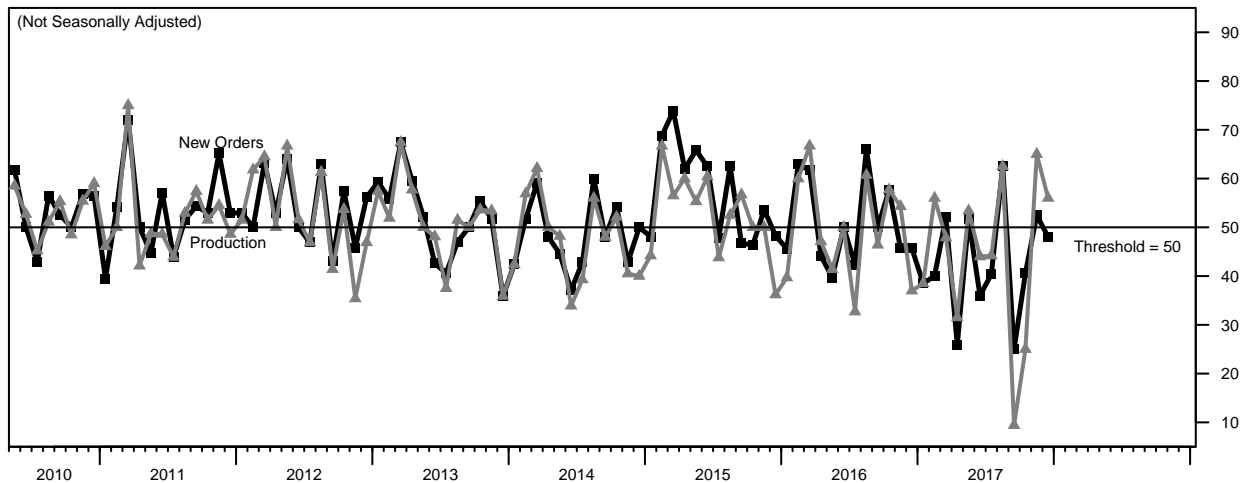
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) edged down to 48.0, 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) dropped to 56.0 in December, but remained above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was higher than in November.

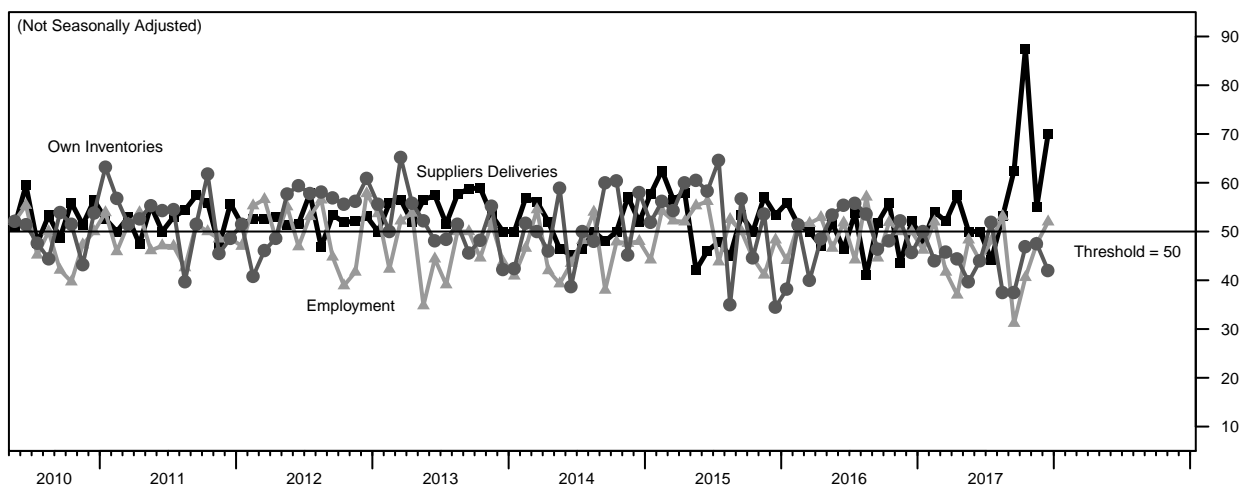


Employment

In December, the Employment PMI (NSA) edged up to 52.0, climbing over the threshold level after three consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was higher than in November.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) jumped up to 70.0, remaining over the threshold level for the fifth 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, or a Hurricane-related disruption.



Own Inventories

In December, the Own Inventories PMI (NSA) declined to 42.0, remaining below the threshold level for the fifth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were lower 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.

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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 2016:

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