

Purchasing Managers Index of Puerto Rico Manufacturing

January 2017

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until 10:00 a.m. (AST) Wednesday, March 1, 2017

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

<http://www.estadisticas.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 44.2 IN JANUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector weakened to 44.2 in January. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. All the sub-indexes were below the threshold level this month, except for the Own Inventories sub-index. The New Orders PMI (NSA) sank to 38.5 in January, remaining below 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 49 of the 81 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.

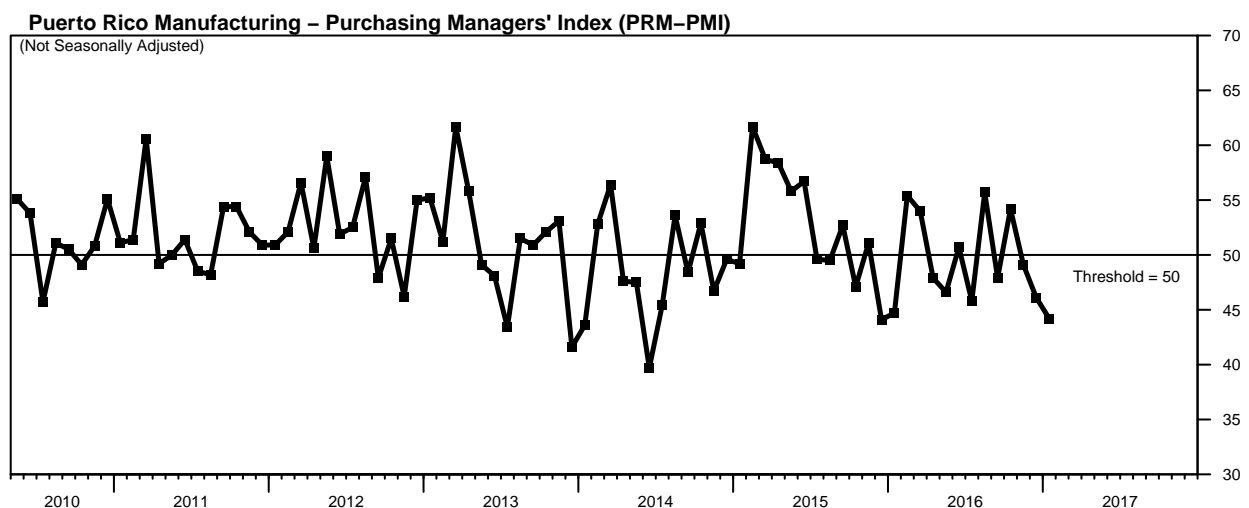


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	15.4	46.2	38.5	38.5	Lower	New orders
Producción	19.2	38.5	42.3	38.5	Lower	Production
Empleo	11.5	69.2	19.2	46.2	Lower	Employment
Entregas de suplidores	3.8	88.5	7.7	48.1	Faster	Supplier deliveries
Inventarios de su empresa	23.1	53.8	23.1	50	Same	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 44.2 Contraction

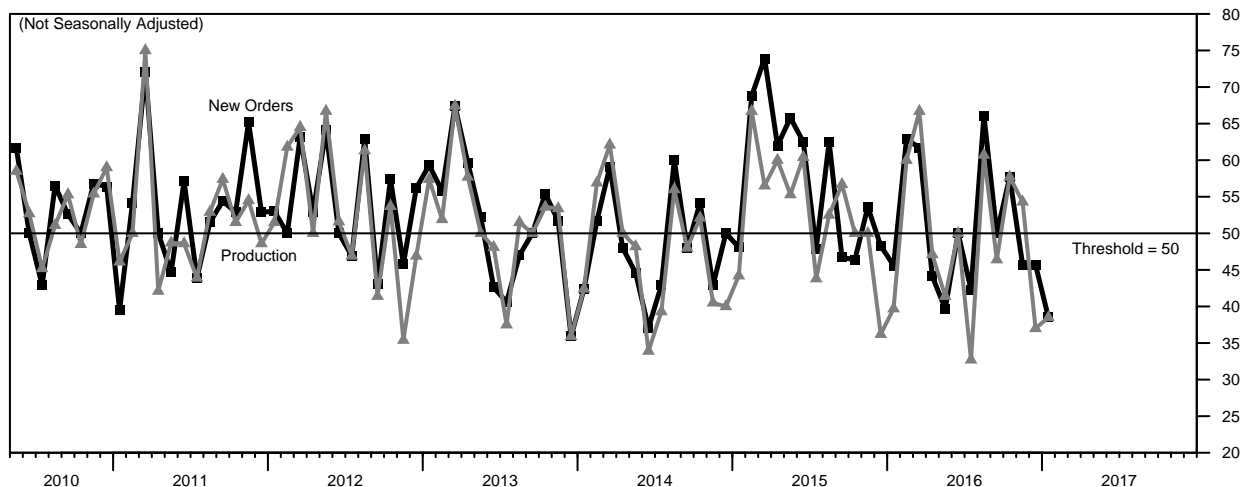
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) sank to 38.5 in January, remaining below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in January were lower than in December.

Production

In January, the Production PMI (NSA) ticked up to 38.5, but remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was lower than in December.

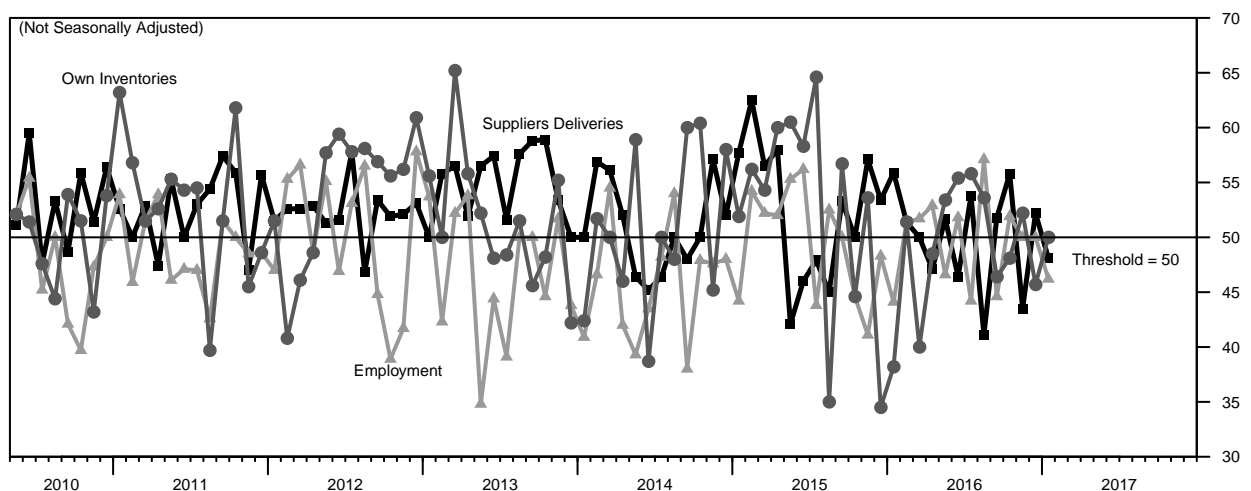


Employment

The Employment PMI (NSA) decreased to 46.2 in January, after three consecutive months at or above the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was lower than in December.

Supplier Deliveries

In January, the Supplier Deliveries PMI (NSA) dipped to 48.1, falling below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in January was faster than in December, suggesting a lower demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) moved up to the threshold level of 50.0. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were the same as in December.

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 <http://www.estadisticas.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>. 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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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.

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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-16	January 4, 2017
Dec-16	February 1, 2017
Jan-17	March 1, 2017
Feb-17	April 3, 2017
Mar-17	May 1, 2017
Apr-17	June 1, 2017

Reference month	Publication date
May-17	July 3, 2017
Jun-17	August 1, 2017
Jul-17	September 1, 2017
Aug-17	October 2, 2017
Sep-17	November 1, 2017
Oct-17	December 1, 2017