

Purchasing Managers Index of Puerto Rico Manufacturing

September 2017

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

PUERTO RICO MANUFACTURING PMI DECLINED TO RECORD LOW OF 33.1 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector dropped to 33.1 in September, its lowest reading since the survey was first undertaken. A reading below the threshold suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes were below the threshold level, except for the Suppliers Deliveries which edged up in comparison to its August reading. The New Orders, Production and Employment sub-indexes were at record lows. All respondents indicated that their operations had been affected by the passing of Hurricanes Irma and/or Maria in September. Factors affecting manufacturing operations included lack of electricity (94%), telecommunications system failure (88%), unavailability of employees (69%), lack of fuel (56%), impassable or hindered roads (56%), lack of water service (50%), lack or delay of supplies needed for production (50%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 50 of the 89 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.

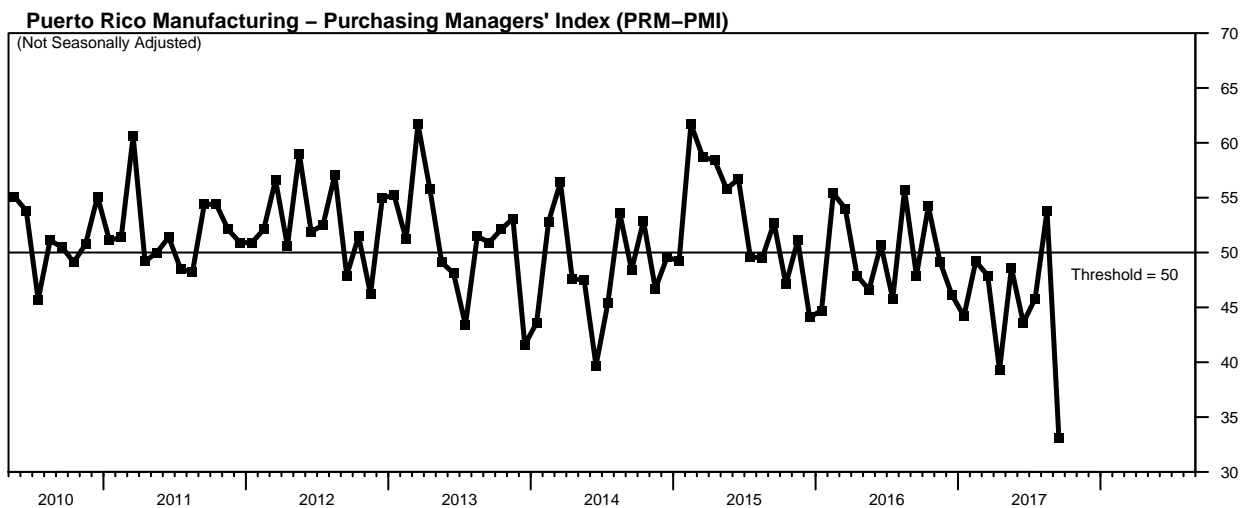


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	12.5	25	62.5	25	Lower	New orders
Producción	6.2	6.2	87.5	9.4	Lower	Production
Empleo	0	62.5	37.5	31.2	Lower	Employment
Entregas de suplidores	50	25	25	62.5	Slower	Supplier deliveries
Inventarios de su empresa	25	25	50	37.5	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 33.1 Contraction

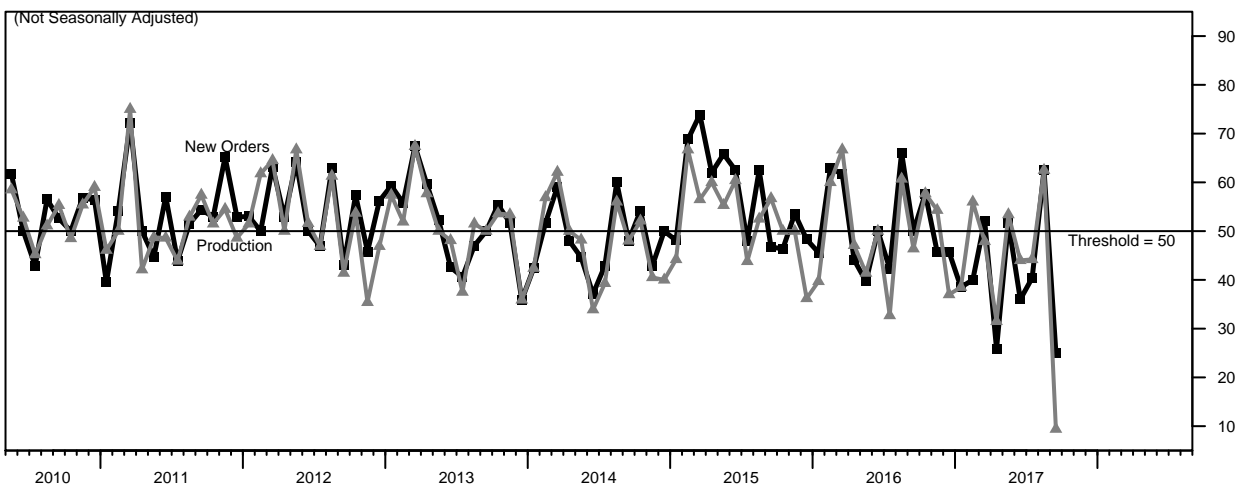
Note: Not Seasonally Adjusted (NSA)

New Orders

In September, the New Orders PMI (NSA) tanked below the threshold level to 25.0, its lowest reading since the survey was first undertaken. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in September were lower than in August.

Production

The Production PMI (NSA) plummeted to 9.4 in September, falling below the threshold level to an all-time low. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was lower than in August.

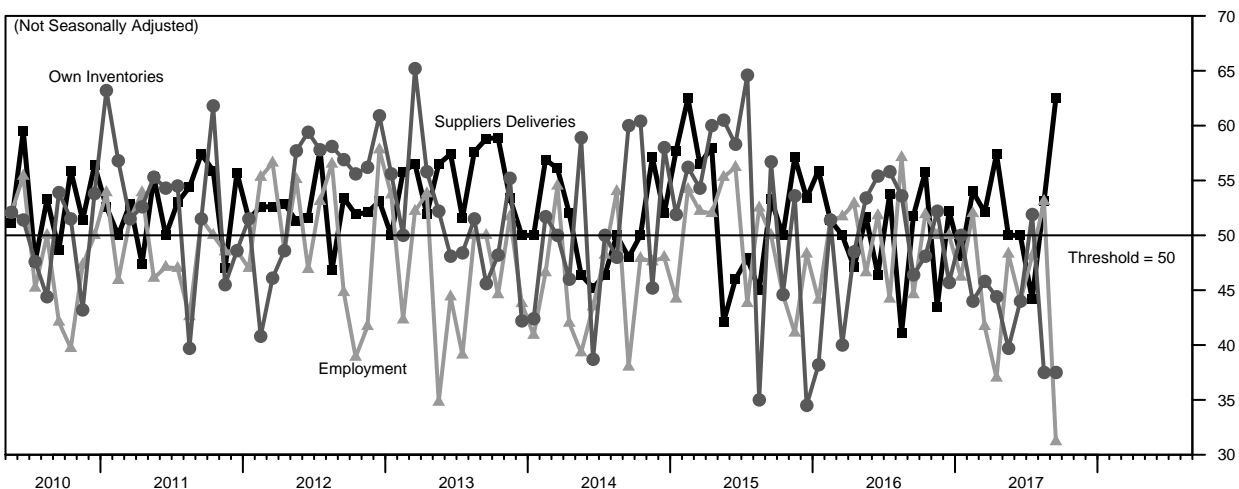


Employment

In September, the Employment PMI (NSA) slumped to 31.2, its lowest reading since the survey was first undertaken. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was lower than in August.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose to 62.5 in September, remaining over the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in September was slower than in August, suggesting a higher demand for intermediate goods, or a Hurricane-related disruption.



Own Inventories

In September, the Own Inventories PMI (NSA) remained below the threshold level at 37.5 for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were lower than in August.

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/ManufaturaPMI.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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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