

Purchasing Managers Index of Puerto Rico Manufacturing

August 2017

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until 10:00 a.m. (AST) Monday, October 2, 2017

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

PUERTO RICO MANUFACTURING PMI INCREASED TO 53.8 IN AUGUST

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 53.8 in August, jumping over the threshold level of 50 after nine consecutive months below. A reading above the threshold suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes, except for the Own inventories, were above the threshold level. The Own inventories sub-index declined below the threshold level to 37.5. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 50 of the 88 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.

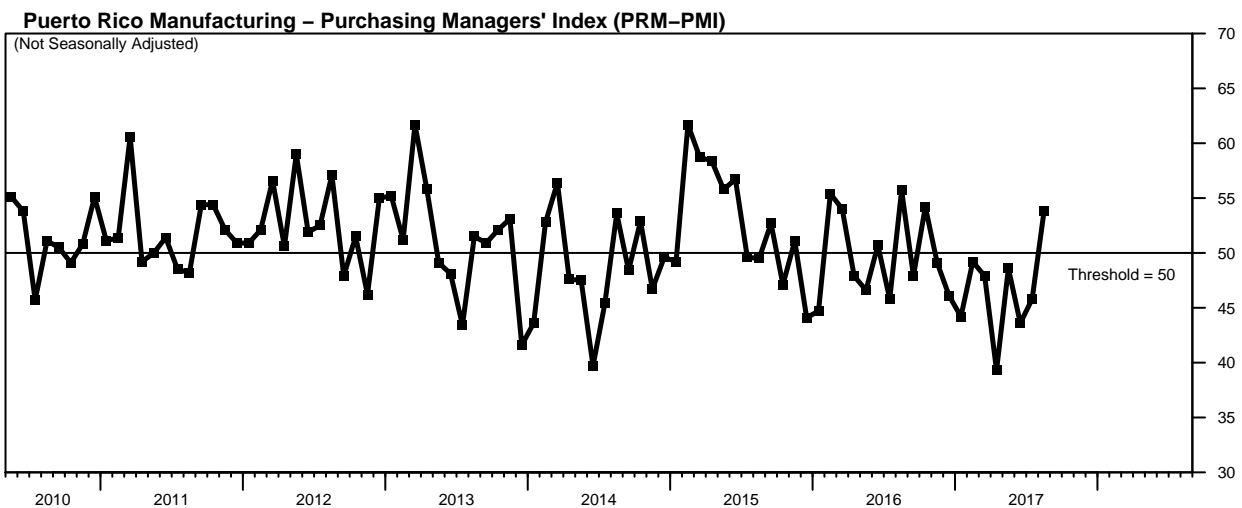


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): August 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	37.5	50	12.5	62.5	Higher	New orders
Producción	37.5	50	12.5	62.5	Higher	Production
Empleo	12.5	81.2	6.2	53.1	Higher	Employment
Entregas de suplidores	12.5	81.2	6.2	53.1	Slower	Supplier deliveries
Inventarios de su empresa	12.5	50	37.5	37.5	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				53.8	Expansion	

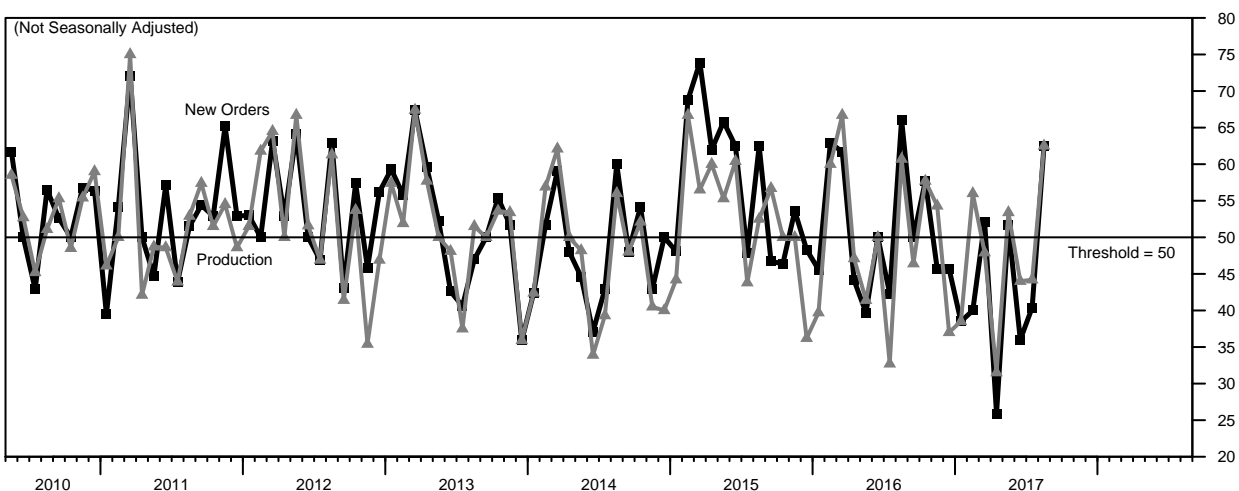
Note: Not Seasonally Adjusted (NSA)

New Orders

In August, the New Orders PMI (NSA) took off to 62.5, after two consecutive months below the threshold level. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in August were higher than in July.

Production

The Production PMI (NSA) vaulted over the threshold level to 62.5 in August, after two consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in August was higher than in July.

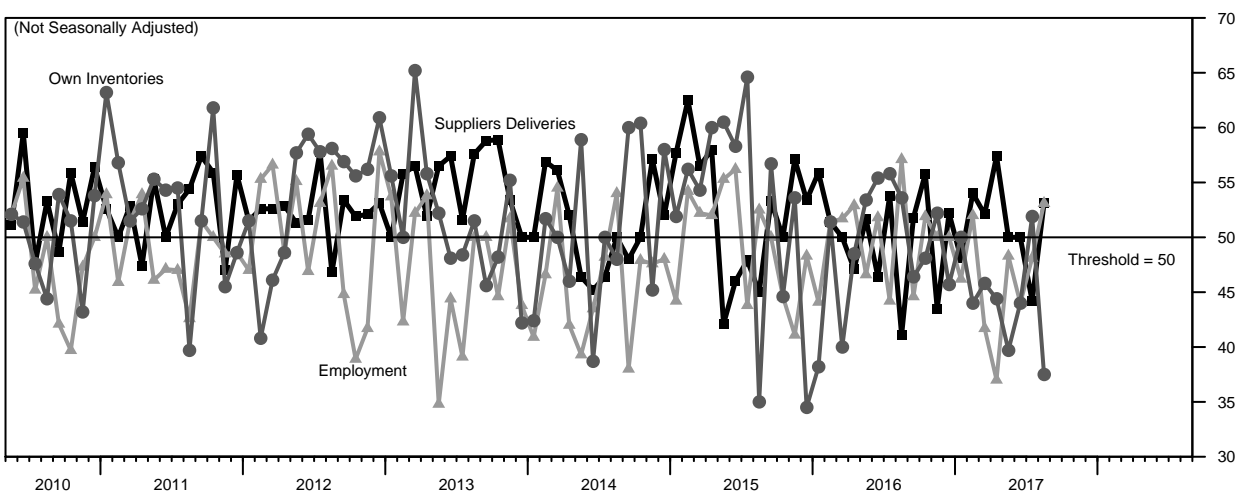


Employment

In August, the Employment PMI (NSA) edged up to 53.1, moving over the threshold level after five consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in August was higher than in July.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) climbed over the threshold level to 53.1 in August. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in August was slower than in July, suggesting a higher demand for intermediate goods.



Own Inventories

In August, the Own Inventories PMI (NSA) plummeted to 37.5, falling below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in August were lower than in July.

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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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