

Purchasing Managers Index of Puerto Rico Manufacturing

April 2017

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

PUERTO RICO MANUFACTURING PMI DECLINED TO RECORD LOW OF 39.3 IN APRIL

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector fell to 39.3 in April, its lowest reading since the survey was first undertaken. This is the sixth consecutive month below the threshold level of 50. 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 sub-index, which firmed in comparison to its March reading. The New Orders and Production sub-indexes were at record lows. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 49 of the 84 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.

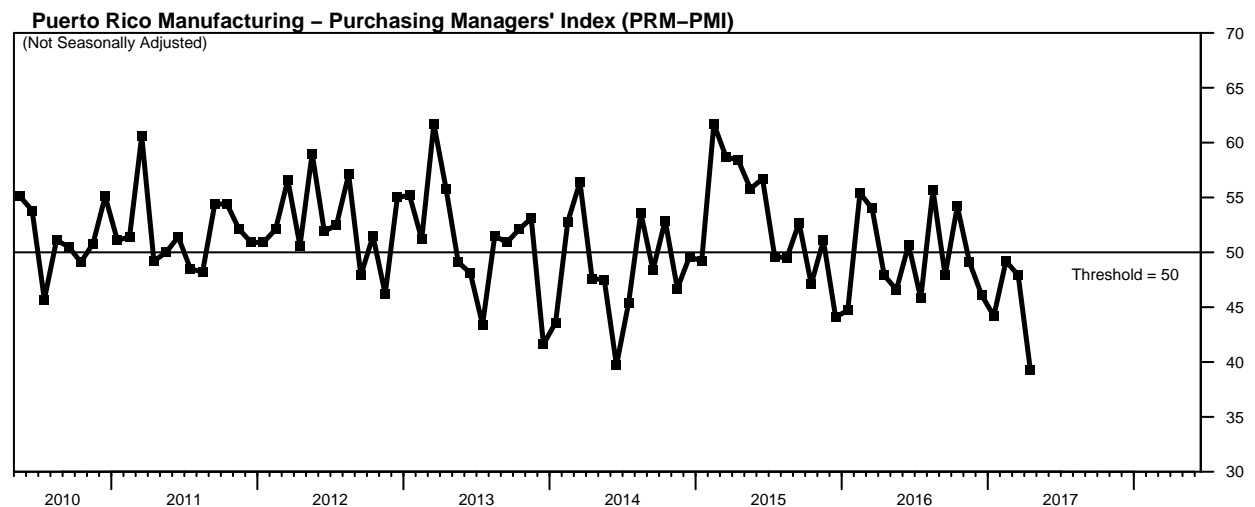


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	0	51.9	48.1	25.9	Lower	New orders
Producción	11.1	40.7	48.1	31.5	Lower	Production
Empleo	0	74.1	25.9	37	Lower	Employment
Entregas de suplidores	18.5	77.8	3.7	57.4	Slower	Supplier deliveries
Inventarios de su empresa	25.9	37	37	44.4	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				39.3	Contraction	

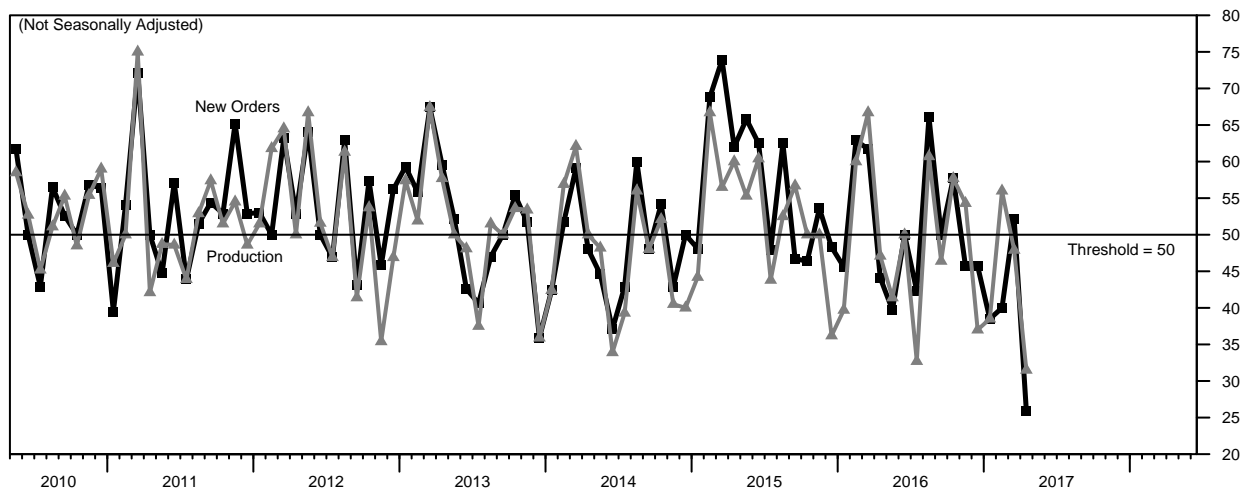
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) plummeted to 25.9, falling below the threshold level to an all-time low. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in April were lower than in March.

Production

The Production PMI (NSA) dropped to 31.5 in April, its lowest reading since the survey was first undertaken and 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 April was lower than in March.

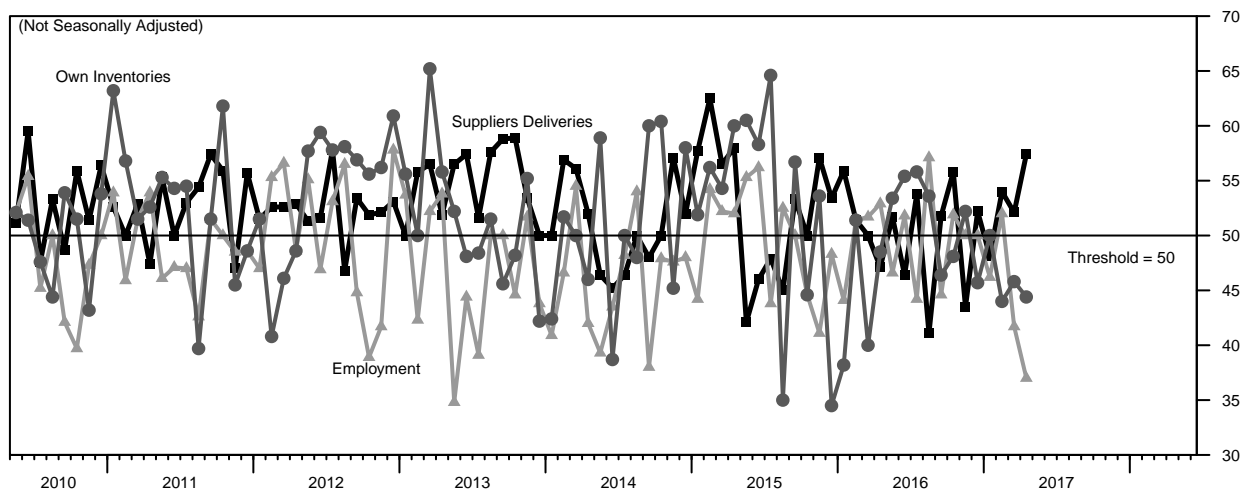


Employment

In April, the Employment PMI (NSA) fell to 37.0, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was lower than in March.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose to 57.4 in April, remaining over the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in April was slower than in March, suggesting a higher demand for intermediate goods.



Own Inventories

In April, the Own Inventories PMI (NSA) ticked down to 44.4, remaining below the threshold for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were lower in March.

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