

Purchasing Managers Index of Puerto Rico Manufacturing

November 2016

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

PUERTO RICO MANUFACTURING PMI DECLINED TO 49.1 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector edged down to 49.1 in November. 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 decreased when compared to their October reading, except for the Own inventories sub-index; it increased over the threshold level to 52.2 this month. The New Orders sub-index fell below the threshold level to 45.7 in November, after remaining above for three consecutive months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 49 of the 79 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.

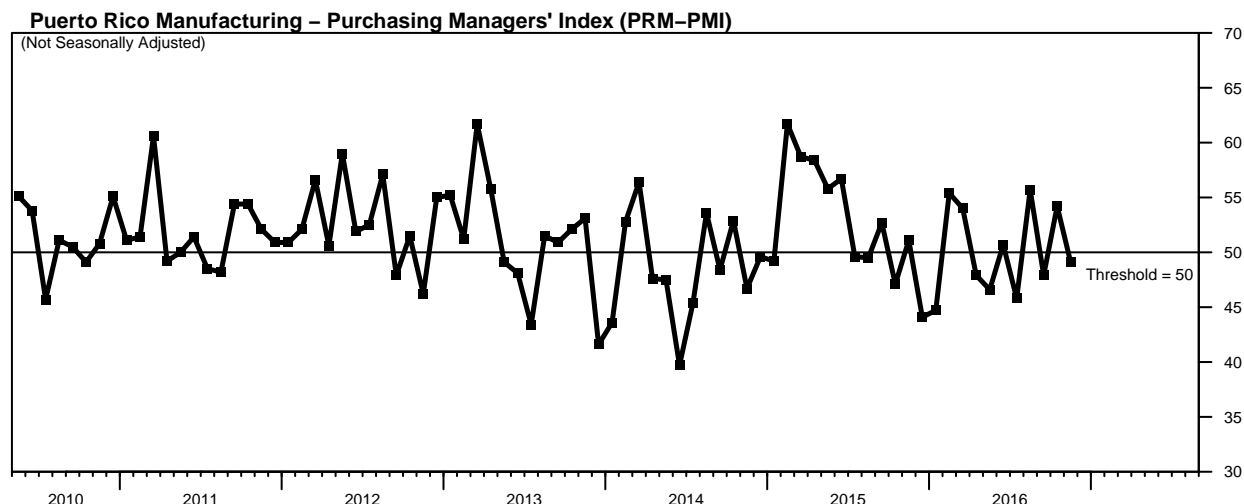


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	21.7	47.8	30.4	45.7	Lower	New orders
Producción	30.4	47.8	21.7	54.3	Higher	Production
Empleo	13	73.9	13	50	Same	Employment
Entregas de suplidores	4.3	78.3	17.4	43.5	Faster	Supplier deliveries
Inventarios de su empresa	30.4	43.5	26.1	52.2	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				49.1	Contraction	

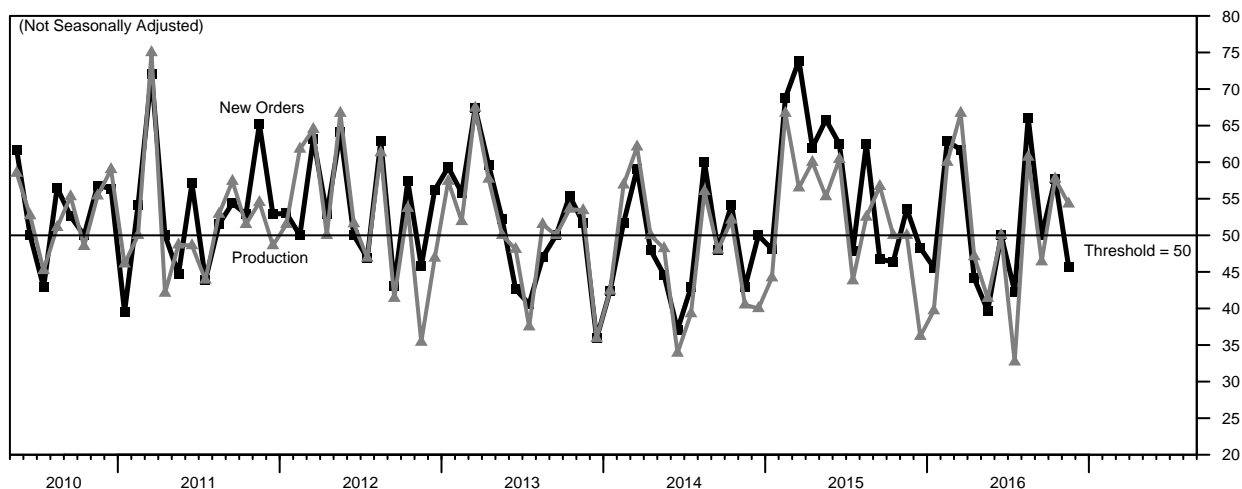
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) fell below the threshold level to 45.7 in November, after remaining above for three consecutive months. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in November were lower than in October.

Production

In November, the Production PMI (NSA) edged down to 54.3, 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 November was higher than in October.

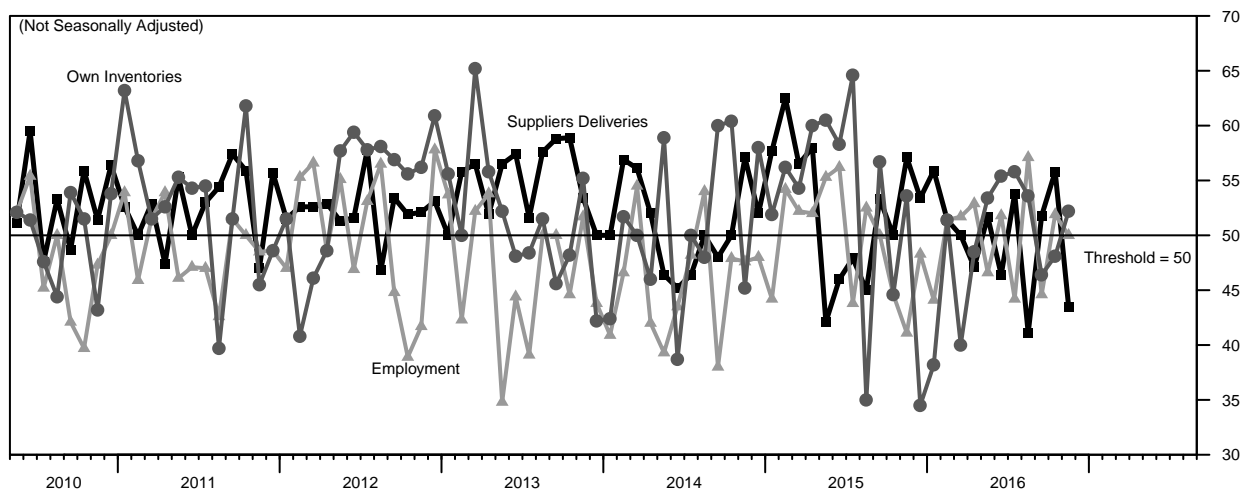


Employment

The Employment PMI (NSA) ticked down to the threshold level of 50.0 in November. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was the same as in October.

Supplier Deliveries

In November, the Supplier Deliveries PMI (NSA) sank below the threshold level to 43.5, after remaining above for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in November was faster than in October, suggesting a lower demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) rose above the threshold level to 52.2 in November, after remaining below for two consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November were higher than in October.

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