

Purchasing Managers Index of Puerto Rico Manufacturing

September 2016

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until 10:00 a.m. (AST) Tuesday, November 1, 2016

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

PUERTO RICO MANUFACTURING PMI DECLINED TO 47.9 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 47.9 in September. 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 descended when compared to their August reading, except for the Suppliers Deliveries sub-index; it climbed above the threshold level to 51.8. The Own Inventories sub-index edged down to 46.4, moving below the threshold level after four consecutive months above it. Half of respondents indicated that their operations had been affected by the island-wide blackout that took place this month and lasted more than 2 days. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 48 of the 77 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.

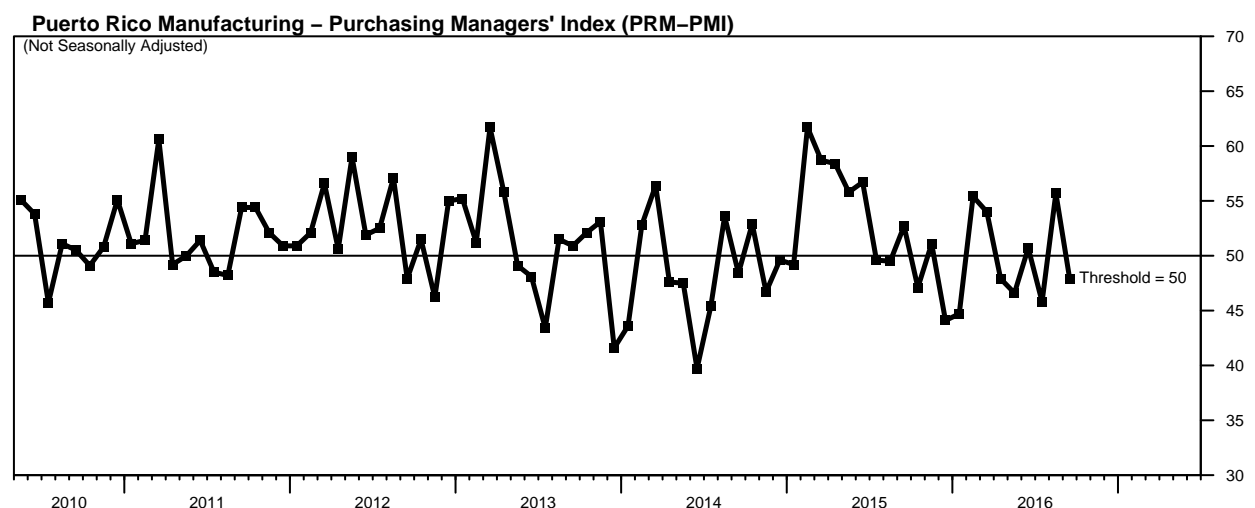


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	17.9	64.3	17.9	50	Same	New orders
Producción	17.9	57.1	25	46.4	Lower	Production
Empleo	3.6	82.1	14.3	44.6	Lower	Employment
Entregas de suplidores	7.1	89.3	3.6	51.8	Slower	Supplier deliveries
Inventarios de su empresa	10.7	71.4	17.9	46.4	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.9 Contraction

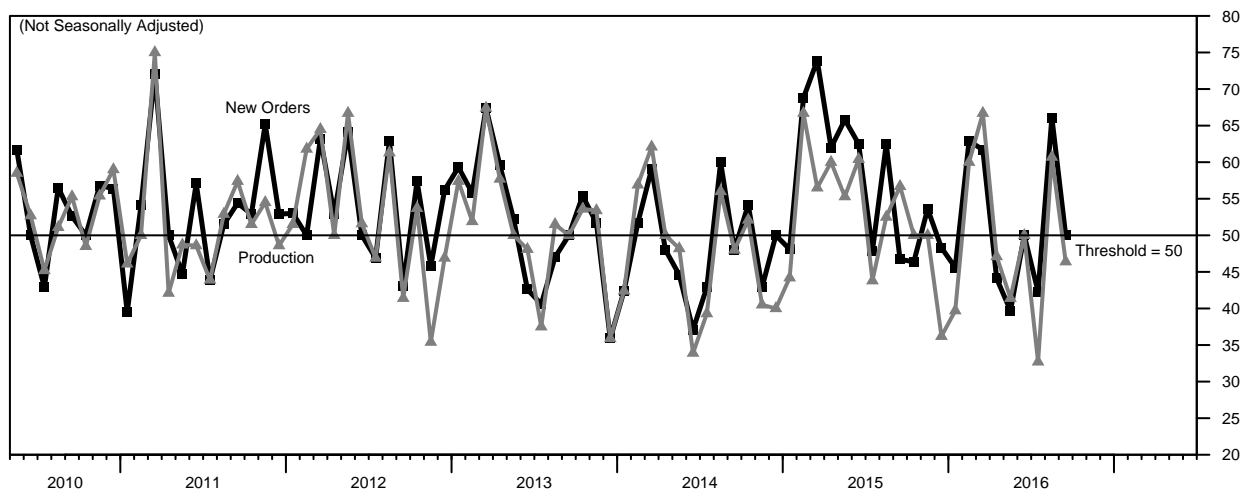
Note: Not Seasonally Adjusted (NSA)

New Orders

In September, the New Orders PMI (NSA) dropped to the threshold level of 50. A reading of 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in September were the same as in August.

Production

The Production PMI (NSA) sunk below the threshold level to 46.4 in September. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was lower than in August.

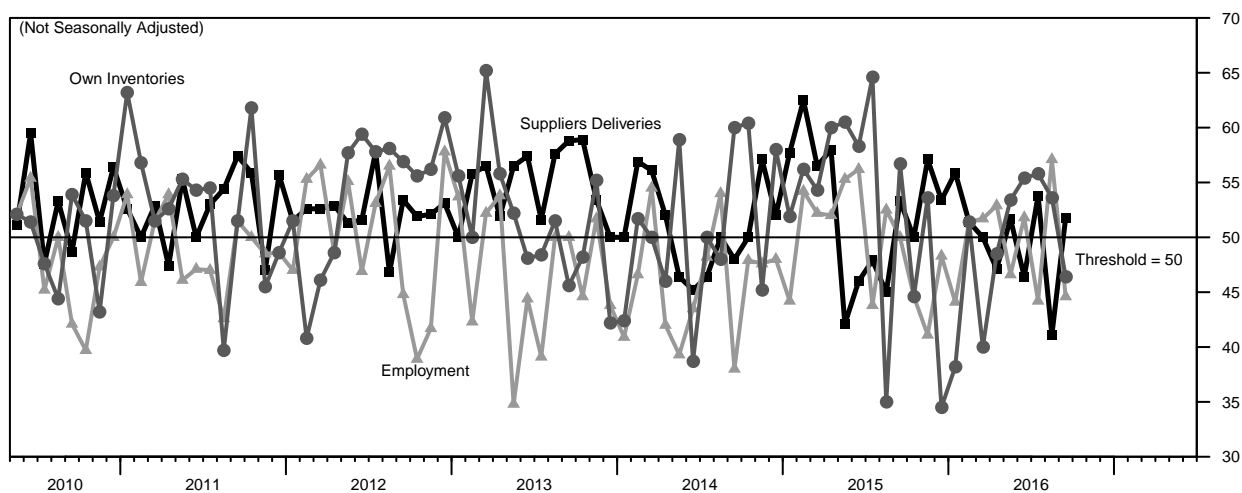


Employment

In September, the Employment PMI (NSA) moved down to 44.6, dropping below the threshold level. 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 over the threshold level to 51.8. 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.



Own Inventories

In September, the Own Inventories PMI (NSA) declined to 46.4, falling below the threshold level after four consecutive months above it. 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/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-15	January 4, 2016
Dec-15	February 1, 2016
Jan-16	March 1, 2016
Feb-16	April 1, 2016
Mar-16	May 2, 2016
Apr-16	June 1, 2016

Reference month	Publication date
May-16	July 1, 2016
Jun-16	August 1, 2016
Jul-16	September 1, 2016
Aug-16	October 3, 2016
Sep-16	November 1, 2016
Oct-16	December 1, 2016