

Purchasing Managers Index of Puerto Rico Manufacturing

May 2016

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

PUERTO RICO MANUFACTURING PMI INCHED DOWN TO 46.6 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector ticked down to 46.6 in May. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. The Suppliers Delivery and Own Inventories sub-indexes leapt over the threshold level this month, while the New Orders, Production, and Employment sub-indexes decreased when compared to their April reading. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 46 of the 73 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.

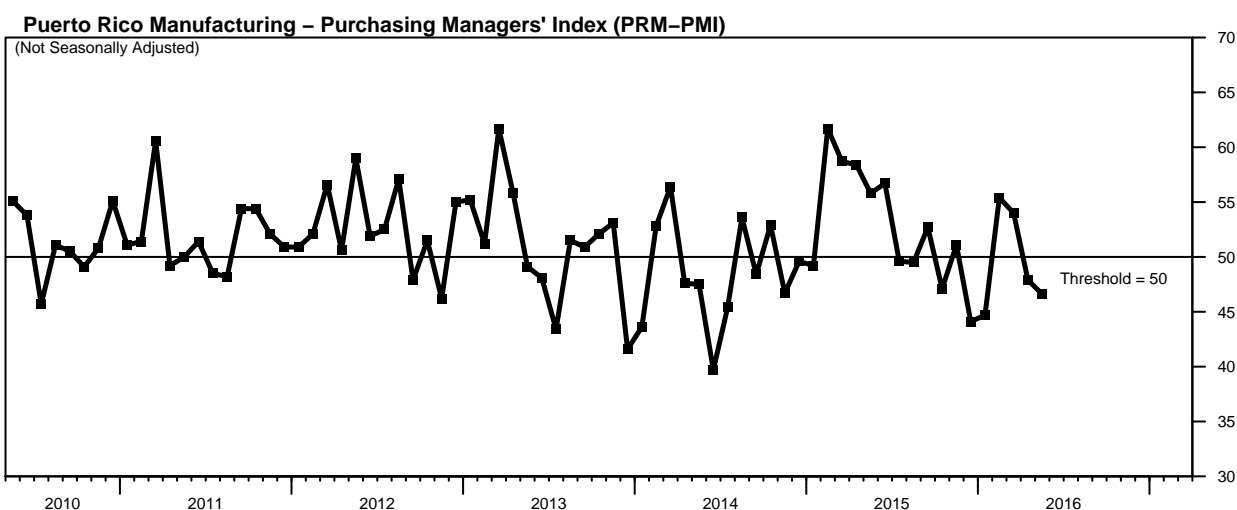


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): May 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	10.3	58.6	31	39.7	Lower	New orders
Producción	10.3	62.1	27.6	41.4	Lower	Production
Empleo	10.3	72.4	17.2	46.6	Lower	Employment
Entregas de suplidores	10.3	82.8	6.9	51.7	Slower	Supplier deliveries
Inventarios de su empresa	20.7	65.5	13.8	53.4	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				46.6	Contraction	

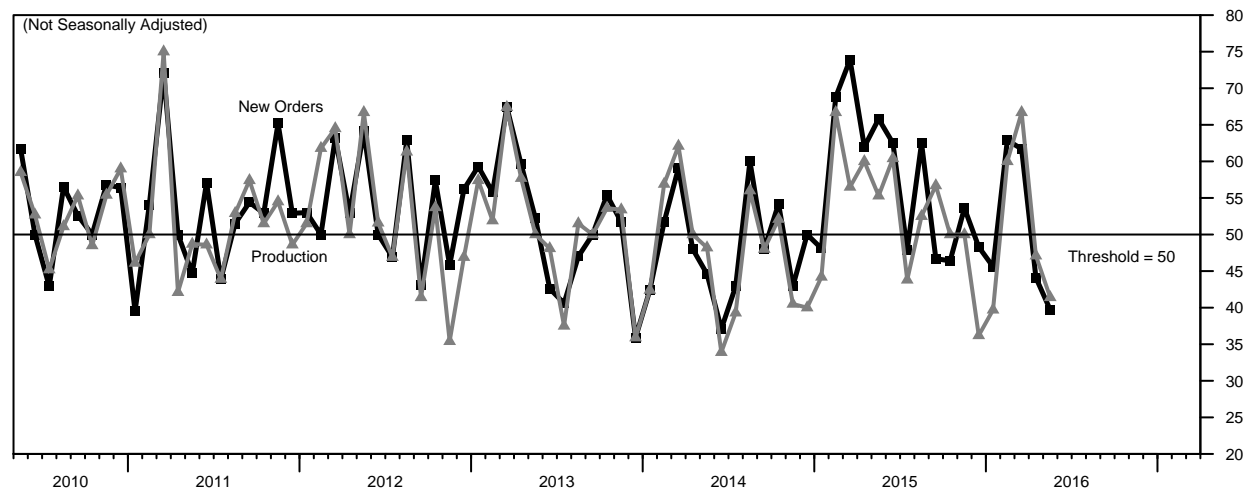
Note: Not Seasonally Adjusted (NSA)

New Orders

In May, the New Orders PMI (NSA) edged down to 39.7, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in May were lower than in April.

Production

The Production PMI (NSA) decreased to 41.4 in May, remaining 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 May was lower than in April.

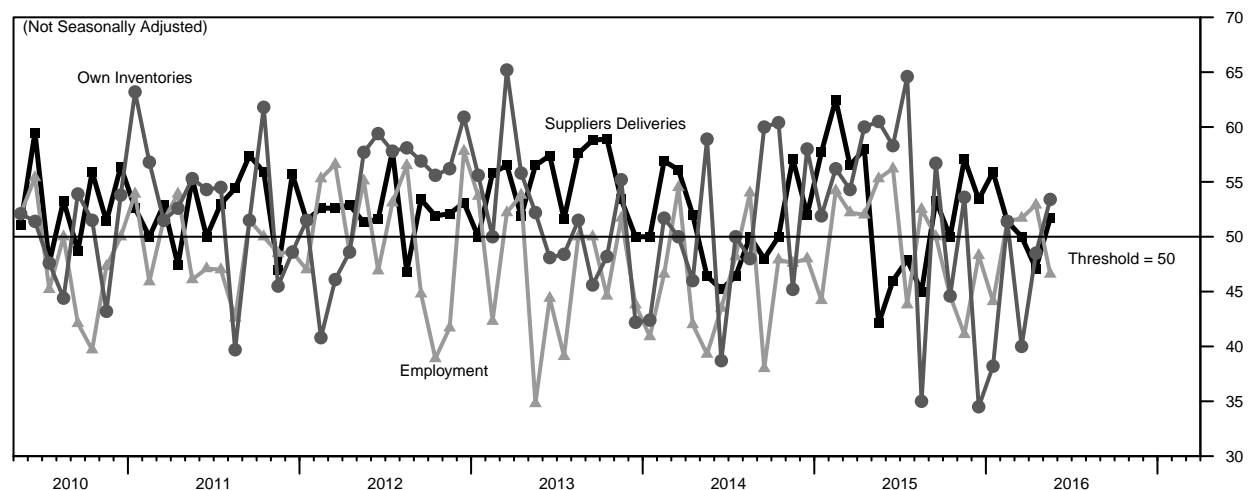


Employment

In May, the Employment PMI (NSA) fell to 46.6, after three consecutive months above the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was lower than in April.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose above the threshold level to 51.7 in May. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in May was slower than in April, suggesting a higher demand for intermediate goods.



Own Inventories

In May, the Own Inventories PMI (NSA) jumped over the threshold level to 53.4, after two consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were higher than in April.

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