

Purchasing Managers Index of Puerto Rico Manufacturing

October 2016

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

PUERTO RICO MANUFACTURING PMI ROSE TO 54.2 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector moved over the threshold level to 54.2 in October. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes increased when compared to their September reading. The New Orders sub-index increased to 57.7 in October, remaining at or above the threshold level for the third consecutive month. The Own Inventories sub-index remained below the threshold for the second consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 49 of the 78 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.

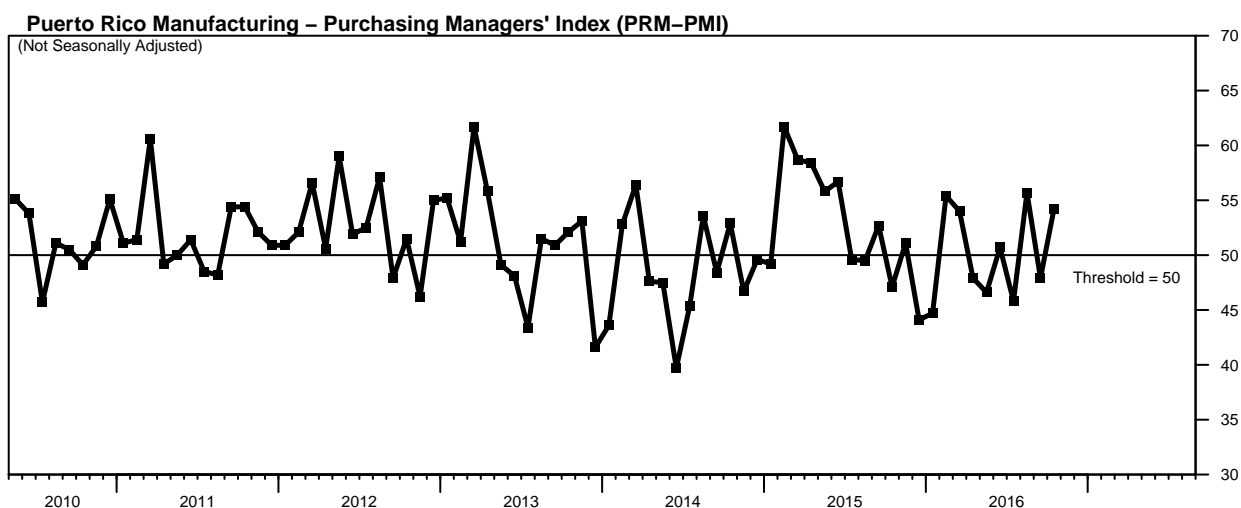


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): October 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	23.1	69.2	7.7	57.7	Higher	New orders
Producción	30.8	53.8	15.4	57.7	Higher	Production
Empleo	15.4	73.1	11.5	51.9	Higher	Employment
Entregas de suplidores	11.5	88.5	0	55.8	Slower	Supplier deliveries
Inventarios de su empresa	19.2	57.7	23.1	48.1	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				54.2	Expansion	

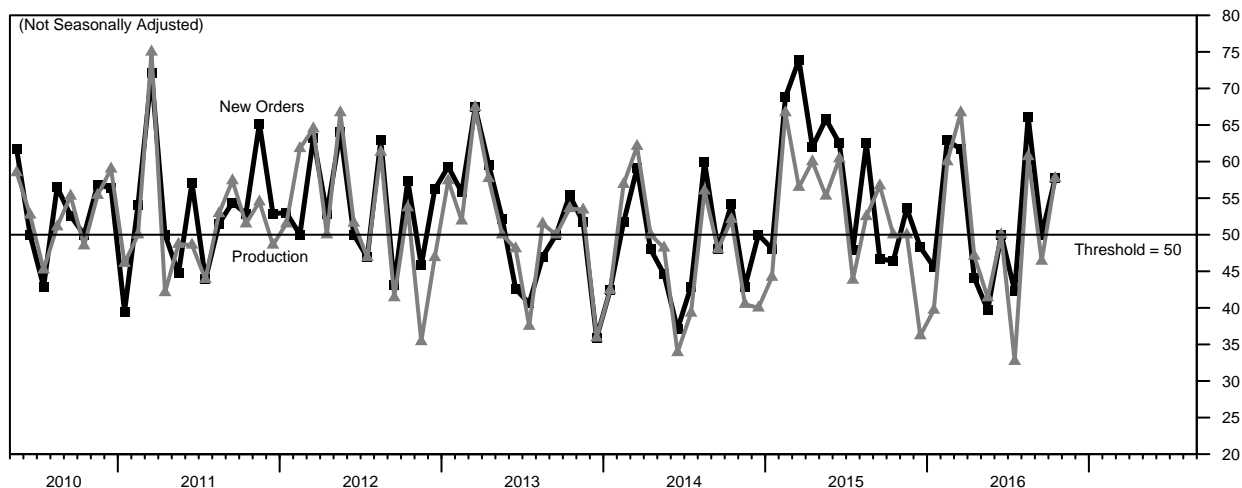
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) rose to 57.7 in October, remaining at or above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in October were higher than in September.

Production

In October, the Production PMI (NSA) jumped over the threshold level to 57.7. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was higher than in September.

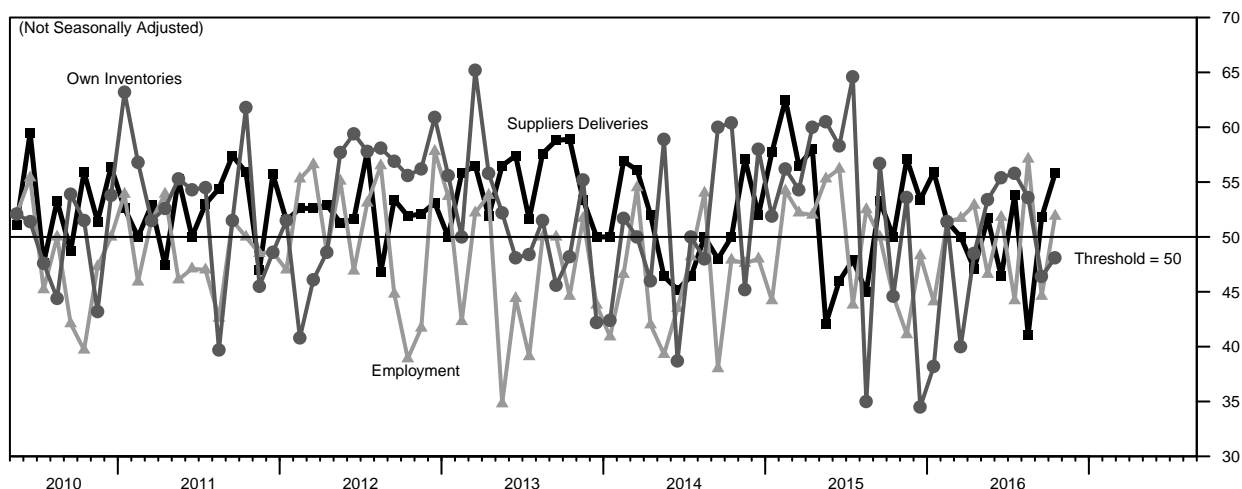


Employment

The Employment PMI (NSA) climbed over the threshold level to 51.9 in October. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was higher than in September.

Supplier Deliveries

In October, the Supplier Deliveries PMI (NSA) edged up to 55.8, remaining above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in October was slower than in September, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) inched up to 48.1 in October, but remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October were lower than in September.

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