

# Purchasing Managers Index of Puerto Rico Manufacturing

## May 2015

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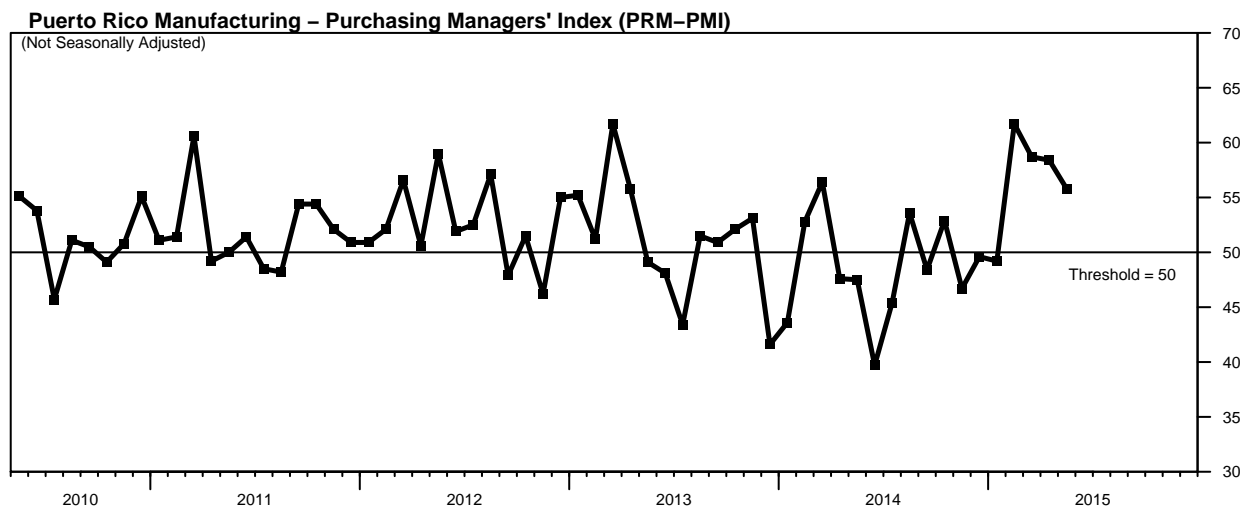
until 10:00 a.m. (AST) Wednesday, July 1, 2015

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

### PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 55.8 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector moved down to 55.8 in May, but remained above the threshold level for the fourth consecutive month. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes were above the threshold level, except for the Suppliers Delivery sub-index. The Supplier Deliveries sub-index plummeted to 42.1 in May, after seven consecutive months remaining above the threshold level. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 41 of the 61 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 2015**

|  | Better | Same | Worse | PMI         |                  |                     |
|--|--------|------|-------|-------------|------------------|---------------------|
| Órdenes nuevas   | 47.4   | 36.8 | 15.8  | 65.8        | Higher           | New orders          |
| Producción   | 31.6   | 47.4 | 21.1  | 55.3        | Higher           | Production          |
| Empleo   | 21.1   | 68.4 | 10.5  | 55.3        | Higher           | Employment          |
| Entregas de suplidores   | 5.3    | 73.7 | 21.1  | 42.1        | Faster           | Supplier deliveries |
| Inventarios de su empresa  | 31.6   | 57.9 | 10.5  | 60.5        | Higher           | Own inventories     |
| <b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b> |        |      |       | <b>55.8</b> | <b>Expansion</b> |                     |

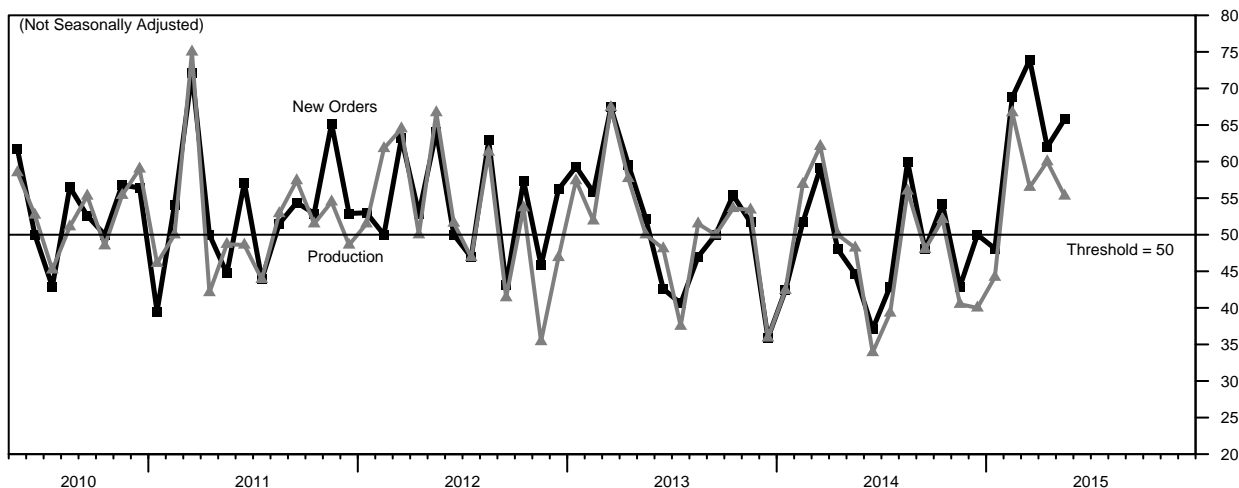
Note: Not Seasonally Adjusted (NSA)

## New Orders

In May, the New Orders PMI (NSA) rose to 65.8, remaining above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in May were higher than in April.

## Production

The Production PMI (NSA) fell to 55.3 in May, but remained above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May was higher than in April.

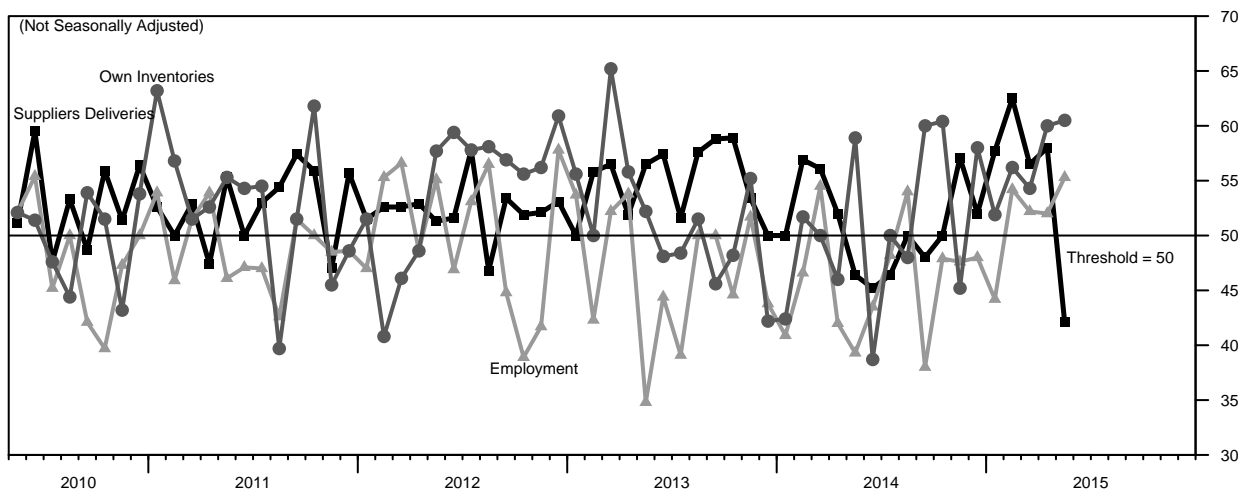


## Employment

In May, the Employment PMI (NSA) increased to 55.3, remaining above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was higher than in April.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) sunk to 42.1 in May, below the threshold level for the first time in seven consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in May was faster than in April, suggesting a lower demand for intermediate goods.



## Own Inventories

In May, the Own Inventories PMI (NSA) ticked up to 60.5, remaining above the threshold level for the sixth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were higher than in April.

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### Methodological note

The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) is the result of a collaborative project between the Puerto Rico Manufacturers Association, Scotiabank, 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.gobierno.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 2015:

| Reference month | Publication date |
|-----------------|------------------|
| Nov-14          | January 2, 2015  |
| Dec-15          | February 2, 2015 |
| Jan-15          | March 2, 2015    |
| Feb-15          | April 1, 2015    |
| Mar-15          | May 1, 2015      |
| Apr-15          | June 1, 2015     |

| Reference month | Publication date  |
|-----------------|-------------------|
| May-15          | July 1, 2015      |
| Jun-15          | August 3, 2015    |
| Jul-15          | September 1, 2015 |
| Aug-15          | October 1, 2015   |
| Sep-15          | November 2, 2015  |
| Oct-15          | December 1, 2015  |