

Purchasing Managers Index of Puerto Rico Manufacturing

December 2015

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

PUERTO RICO MANUFACTURING PMI DIPPED TO 44.1 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector sank below the threshold level to 44.1 in December. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. Except for the Employment sub-index, all of the sub-indexes decreased when compared to their November reading. The Own Inventories sub-index dropped to its lowest level ever. Only the Supplier Deliveries sub-index was above the threshold level, where it has remained for the past four consecutive months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 44 of the 68 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.

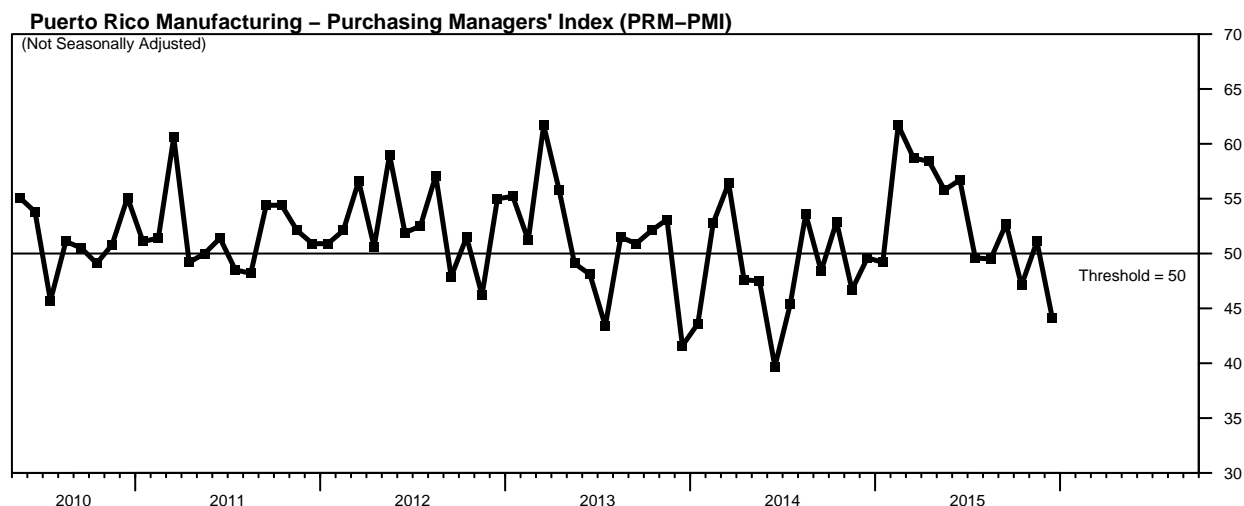


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2015

	Better	Same	Worse	PMI		
Órdenes nuevas	13.8	69	17.2	48.3	Lower	New orders
Producción	10.3	51.7	37.9	36.2	Lower	Production
Empleo	6.9	82.8	10.3	48.3	Lower	Employment
Entregas de suplidores	17.2	72.4	10.3	53.4	Slower	Supplier deliveries
Inventarios de su empresa	6.9	55.2	37.9	34.5	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				44.1	Contraction	

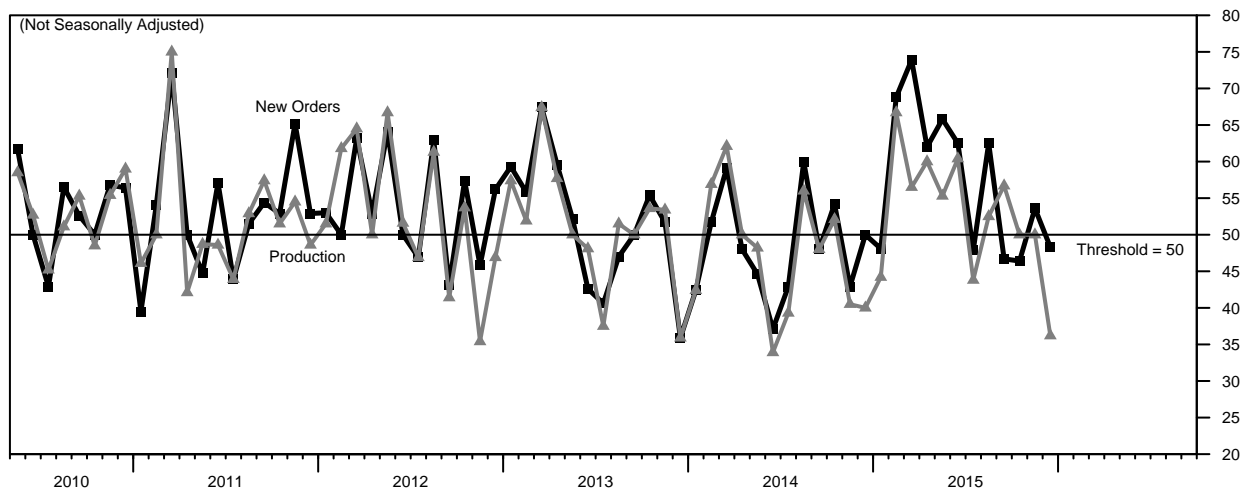
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) declined below the threshold to 48.3. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in December were lower than in November.

Production

The Production PMI (NSA) plunged to 36.2 in December, after remaining at or above the threshold level for four consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

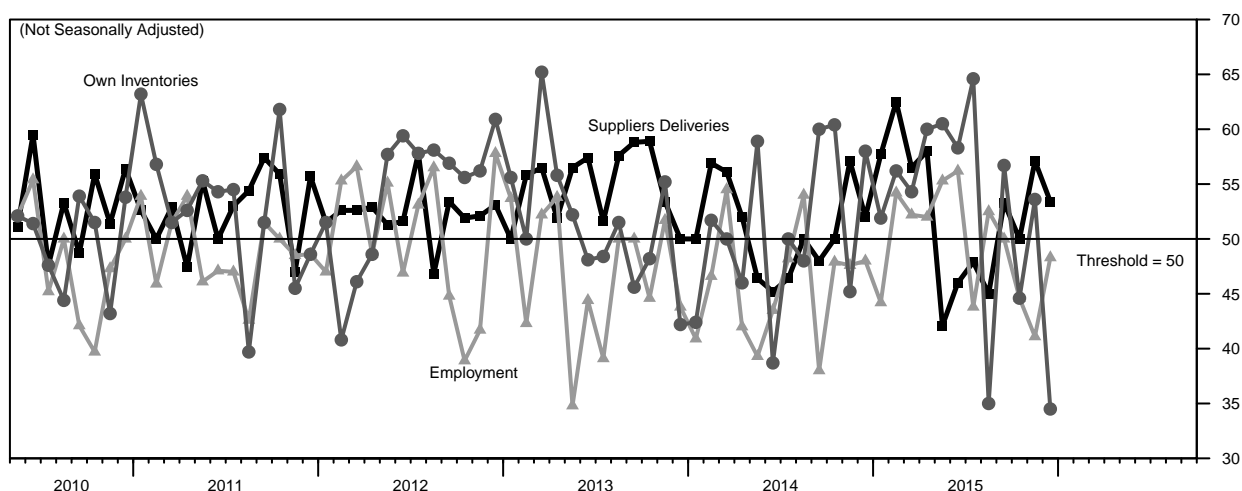


Employment

In December, the Employment PMI (NSA) rose to 48.3, but remained below the threshold level for the third month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was lower than in November.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 53.4 in December, but remained above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in December was slower than in November, suggesting a higher demand for intermediate goods.



Own Inventories

In December, the Own Inventories PMI (NSA) plummeted to 34.5, falling below the threshold level to its lowest point ever. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were lower than in November.

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