

# Purchasing Managers Index of Puerto Rico Manufacturing

## July 2015

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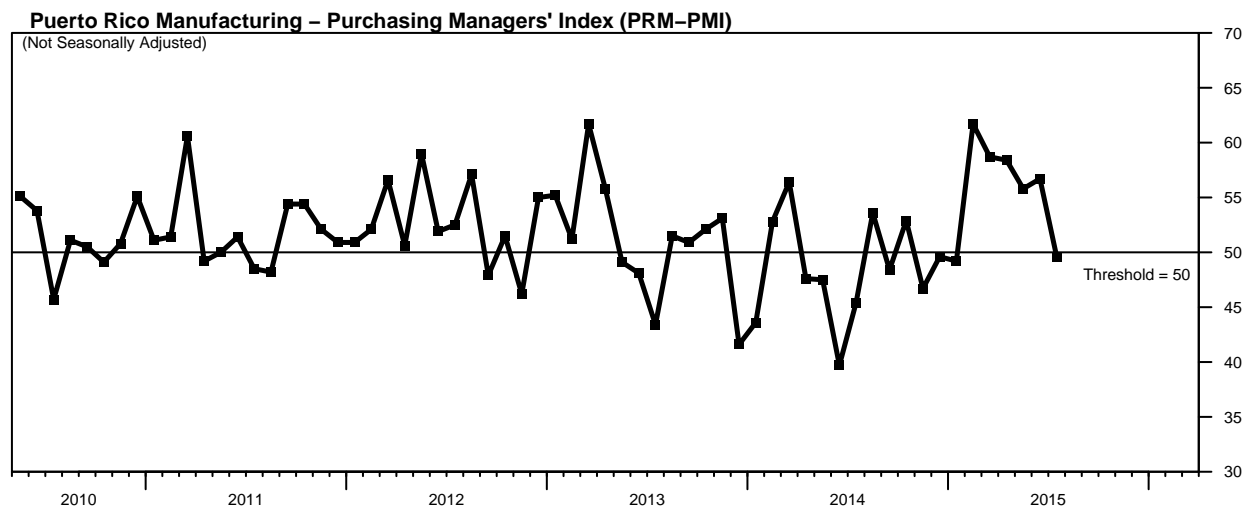
until 10:00 a.m. (AST) Tuesday, September 1, 2015

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### PUERTO RICO MANUFACTURING PMI FELL TO 49.6 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 49.6 in July, after remaining above the threshold level for five consecutive months. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders, Production and Employment sub-indexes declined from the previous month. All of the sub-indexes were below the threshold level, except the Own Inventories sub-index, which has remained above the threshold level for six consecutive months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 42 of the 63 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): July 2015**

	Better	Same	Worse	PMI		
Órdenes nuevas	20.8	54.2	25	47.9	Lower	New orders
Producción	16.7	54.2	29.2	43.8	Lower	Production
Empleo	4.2	79.2	16.7	43.8	Lower	Employment
Entregas de suplidores	4.2	87.5	8.3	47.9	Faster	Supplier deliveries
Inventarios de su empresa	33.3	62.5	4.2	64.6	Higher	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>49.6</b>	<b>Contraction</b>	

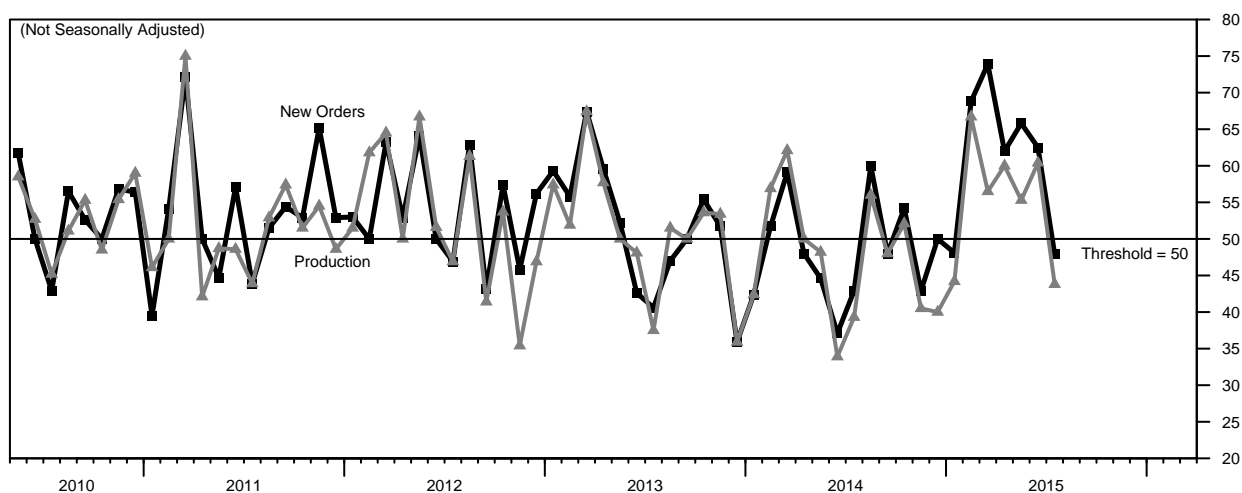
Note: Not Seasonally Adjusted (NSA)

## New Orders

In July, the New Orders PMI (NSA) dropped to 47.9, after remaining above the threshold level for five consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in July were lower than in June.

## Production

The Production PMI (NSA) plunged to 43.8 in July, after remaining above the threshold level for five consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.



## Employment

In July, the Employment PMI (NSA) dove to 43.8, after remaining above the threshold level for five consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was lower than in June.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched up to 47.9 in July, but remained below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in July was faster than in July, suggesting a lower demand for intermediate goods.



## Own Inventories

In July, the Own Inventories PMI (NSA) increased to 64.6, remaining above the threshold level for the eighth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher than in June.

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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 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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(1) visit <http://www.estadisticas.gobierno.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>, (2) email your request to [preguntas@estadisticas.pr.gov](mailto:preguntas@estadisticas.pr.gov), (3) call (787) 993-3336, (4) fax your request to (787) 993-3346, (5) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (6) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

### 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