

# Purchasing Managers Index of Puerto Rico Manufacturing

## August 2015

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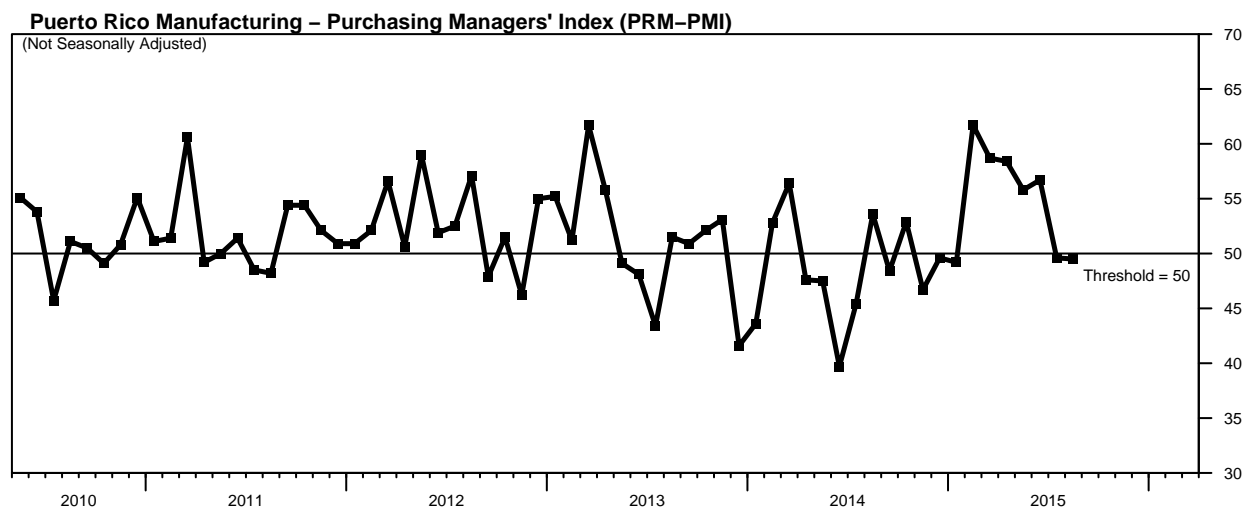
until 10:00 a.m. (AST) Wednesday, October 1, 2015

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

### PUERTO RICO MANUFACTURING PMI TICKED DOWN TO 49.5 IN AUGUST

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector inched down to 49.5 in August, remaining below the threshold level for the second consecutive month. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes, except for the Supplier Deliveries and Own Inventories sub-indexes, were above the threshold level. The Own Inventories sub-index reached a record low. One manufacturing establishment reported that their production was affected by the passing of Tropical Storm Erika near Puerto Rico during August 2015. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 42 of the 64 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): August 2015**

	Better	Same	Worse	PMI		
Órdenes nuevas	30	65	5	62.5	Higher	New orders
Producción	25	55	20	52.5	Higher	Production
Empleo	15	75	10	52.5	Higher	Employment
Entregas de suplidores	10	70	20	45	Faster	Supplier deliveries
Inventarios de su empresa	10	50	40	35	Lower	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>49.5</b>	<b>Contraction</b>	

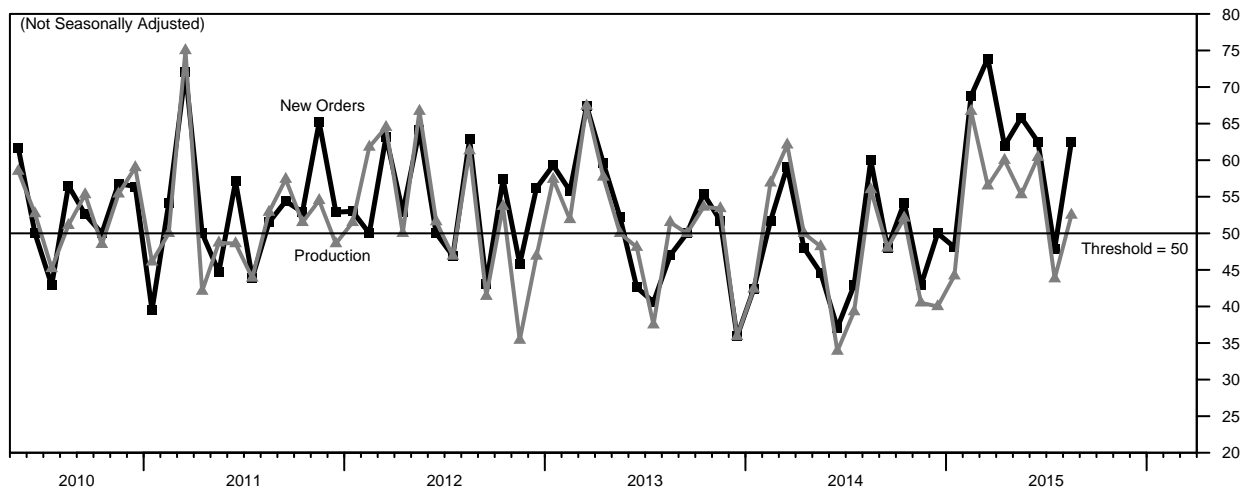
Note: Not Seasonally Adjusted (NSA)

## New Orders

In August, the New Orders PMI (NSA) jumped up above the threshold level to 62.5. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in August were higher than in July.

## Production

The Production PMI (NSA) vaulted over the threshold level to 52.5 in August. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in August was higher than in July.

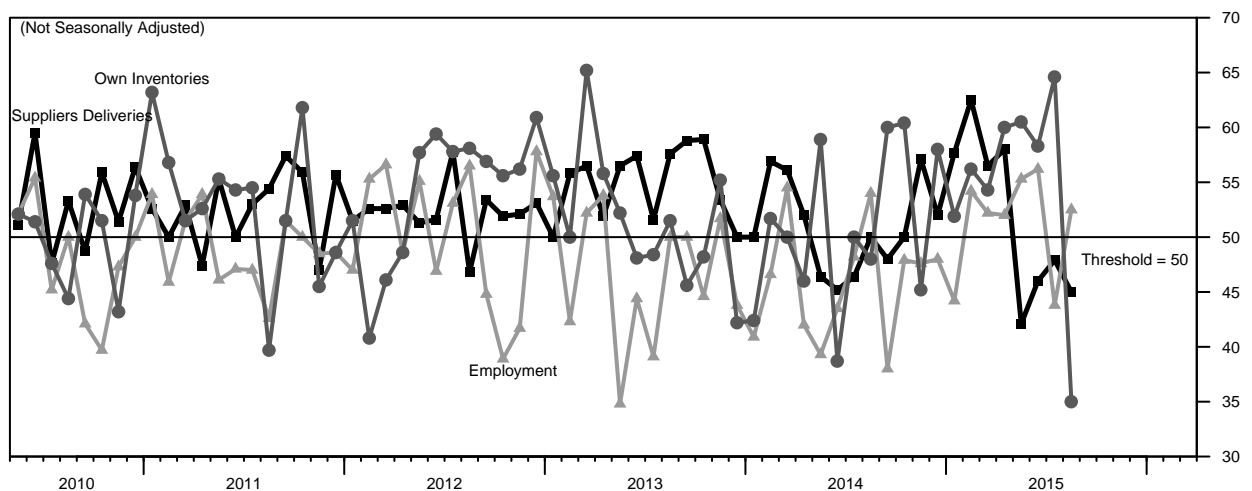


## Employment

In August, the Employment PMI (NSA) increased over the threshold level to 52.5. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in August was higher than in July.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 45.0 in August, remaining below the threshold level for the fourth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in August was faster than in July, suggesting a lower demand for intermediate goods.



## Own Inventories

In August, the Own Inventories PMI (NSA) plummeted to 35.0, after eight consecutive months above the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments were lower in August than in July.

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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