

Purchasing Managers Index of Puerto Rico Manufacturing

July 2014

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

PUERTO RICO MANUFACTURING PMI ROSE TO 45.4 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 45.4 in July, but remained below the threshold level of 50 for the fourth consecutive month. A reading below 50 suggests a contraction in the manufacturing sector with respect to the previous month. All the sub-indexes moved up when compared to their June reading, however all of the sub-indexes remained below the threshold, except for the Own Inventories sub-index which reached the threshold level of 50. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 35 of the 51 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.

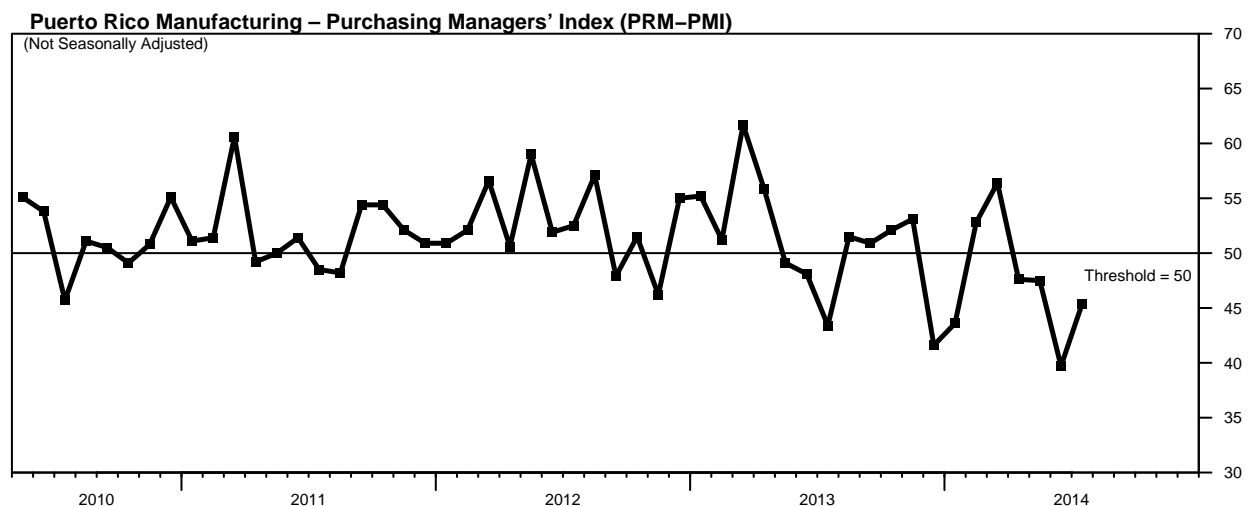


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	10.7	64.3	25	42.9	Lower	New orders
Producción	10.7	57.1	32.1	39.3	Lower	Production
Empleo	17.9	60.7	21.4	48.2	Lower	Employment
Entregas de suplidores	3.6	85.7	10.7	46.4	Faster	Supplier deliveries
Inventarios de su empresa	21.4	57.1	21.4	50	Same	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				45.4	Contraction	

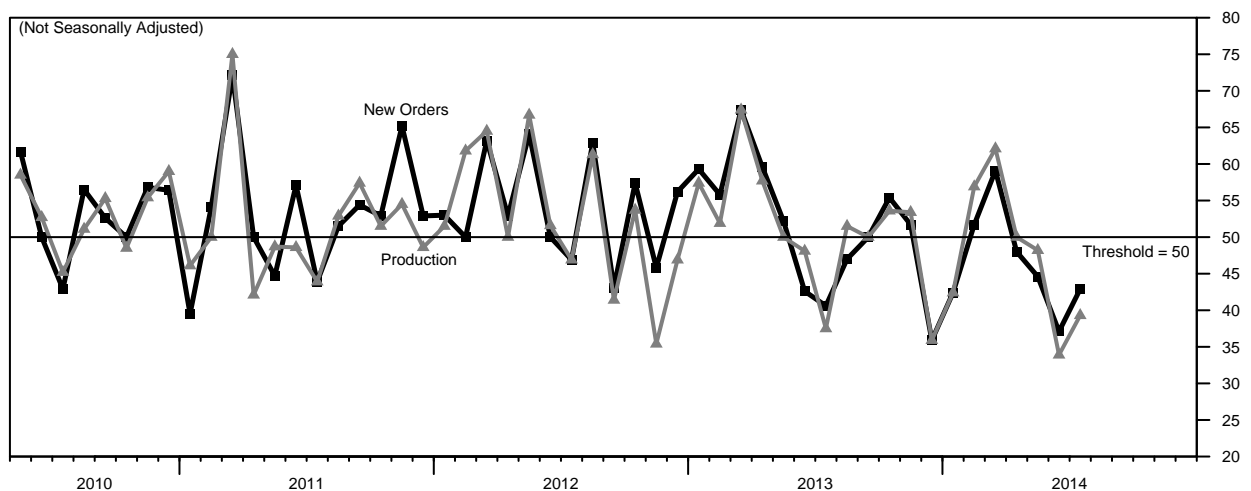
Note: Not Seasonally Adjusted (NSA)

New Orders

In July, the New Orders PMI (NSA) increased to 42.9, but remained below the threshold of 50 for the fourth consecutive month. 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) rose to 39.3 in July, but remained below the threshold of 50 for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.

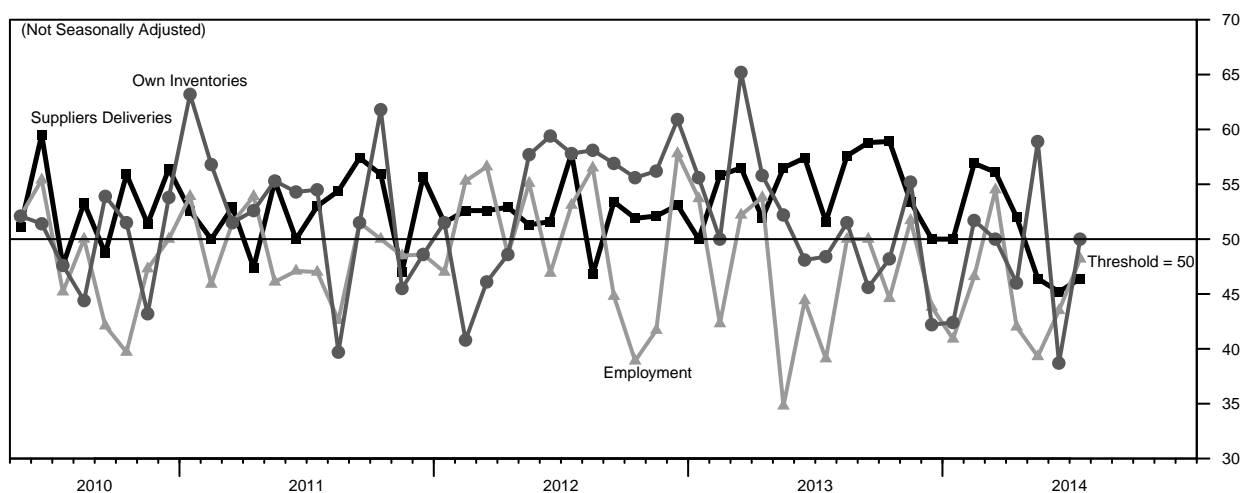


Employment

The Employment PMI (NSA) moved up to 48.2 in July, but remained below the threshold level for the fourth consecutive month. 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) edged up to 46.4 in July, remaining below 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 June, suggesting a lower demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) jumped up to 50 in July, after falling below the threshold level for a single month in June. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were the same as in June.

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/ManufecturaPMI.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 2014:

Reference month	Publication date
Nov-13	January 2, 2014
Dec-13	February 3, 2014
Jan-14	March 3, 2014
Feb-14	Apr 1, 2014
Mar-14	May 1, 2014
Apr-14	June 2, 2014

Reference month	Publication date
May-14	July 1, 2014
Jun-14	August 1, 2014
Jul-14	September 2, 2014
Aug-14	October 1, 2014
Sep-14	November 3, 2014
Oct-14	December 1, 2014