

Purchasing Managers Index of Puerto Rico Manufacturing

August 2014

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until 10:00 a.m. (AST) Wednesday, October 1, 2014

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

PUERTO RICO MANUFACTURING PMI JUMPED UP TO 53.6 IN AUGUST

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector took off to 53.6 in August, climbing above the threshold level after four months below it. A reading above 50 suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes moved up when compared to their August reading, except for the Own Inventories sub-index. All of the sub-indexes were at or above the threshold level, except for the Own Inventories sub-index. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 36 of the 52 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.

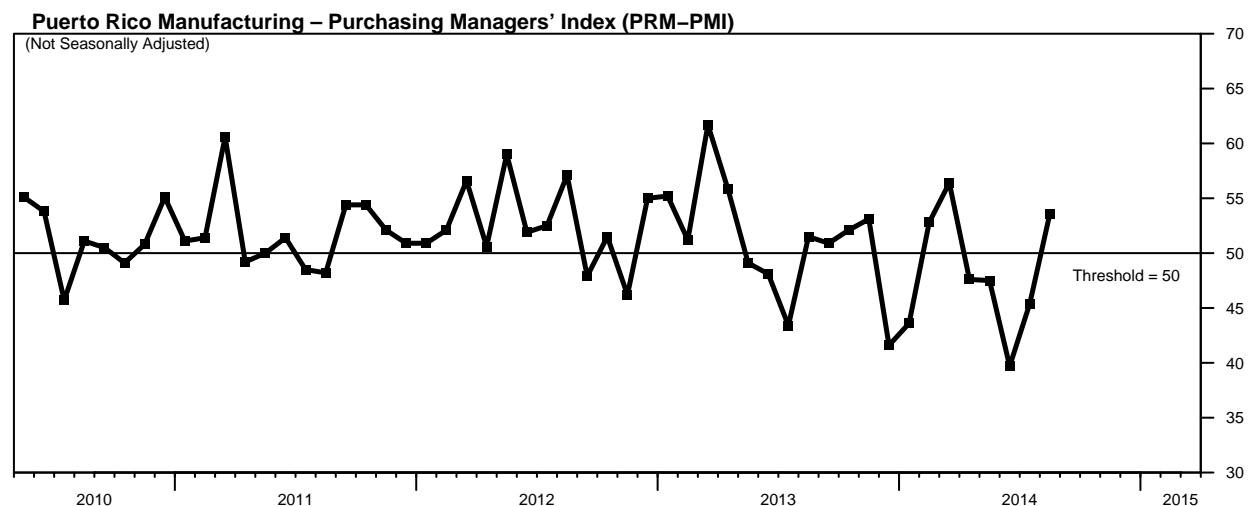


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): August 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	40	40	20	60	Higher	New orders
Producción	32	48	20	56	Higher	Production
Empleo	24	60	16	54	Higher	Employment
Entregas de suplidores	12	76	12	50	Same	Supplier deliveries
Inventarios de su empresa	24	48	28	48	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				53.6	Expansion	

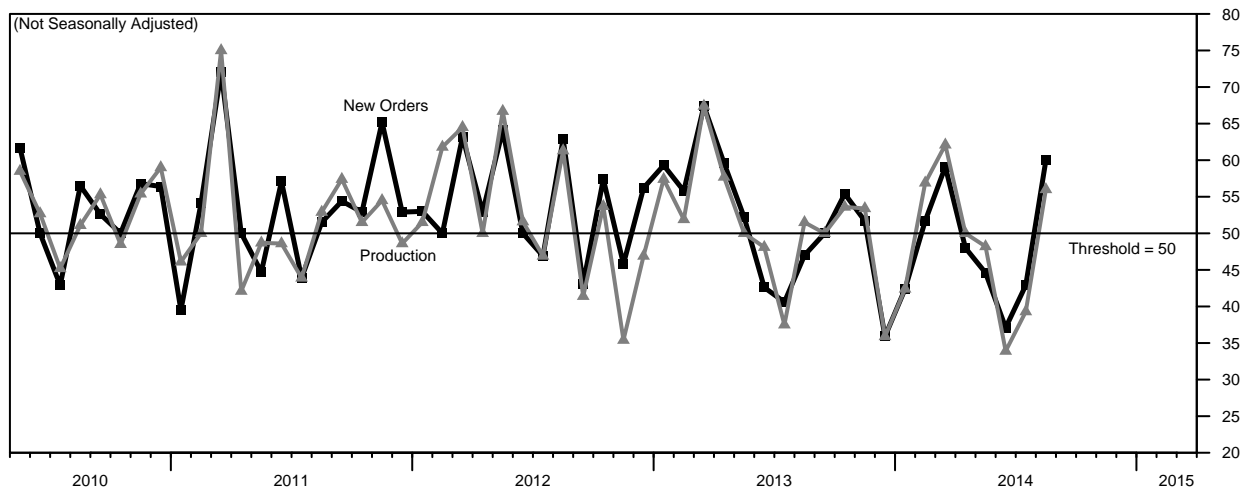
Note: Not Seasonally Adjusted (NSA)

New Orders

In August, the New Orders PMI (NSA) surged to 60, moving above the threshold level after remaining below for four consecutive months. 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) took off to 56 in August, reaching over the threshold of 50 after remaining below for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in August was higher than in July.

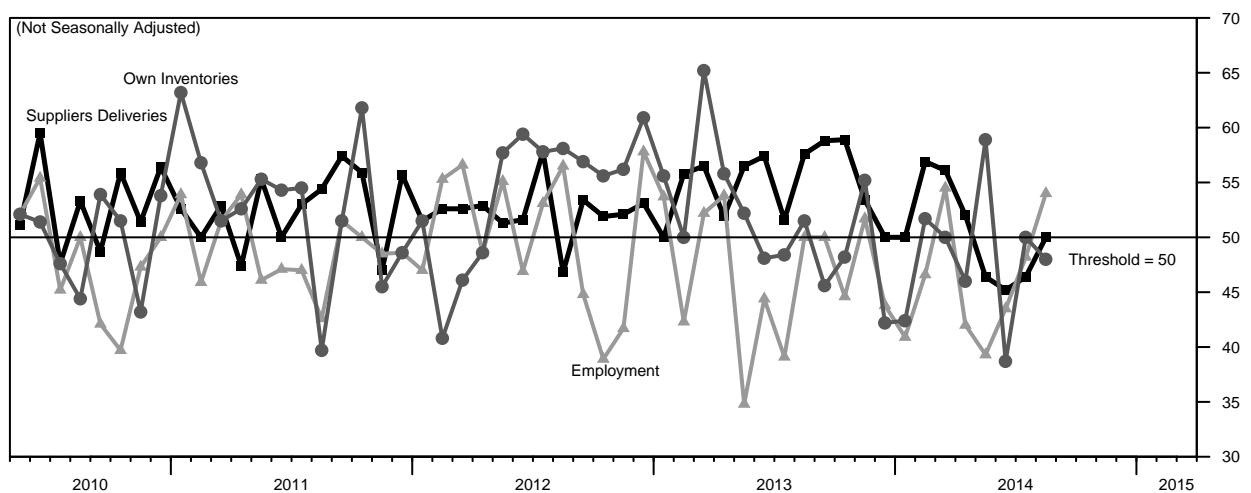


Employment

In August, the Employment PMI (NSA) increased to 54, moving above the threshold level after remaining below for four consecutive months. 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) rose to 50 in August, just reaching the threshold level after three consecutive months below it. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in August was the same as in July.



Own Inventories

The Own Inventories PMI (NSA) edged down to 48 in August, below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in August were lower than in July.

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