

Purchasing Managers Index of Puerto Rico Manufacturing

October 2014

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

PUERTO RICO MANUFACTURING PMI FIRMED UP TO 52.9 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 52.9 in October, climbing above the threshold level. 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 September reading. All of the sub-indexes, except the Employment sub-index, were at or above the threshold level. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 37 of the 54 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.

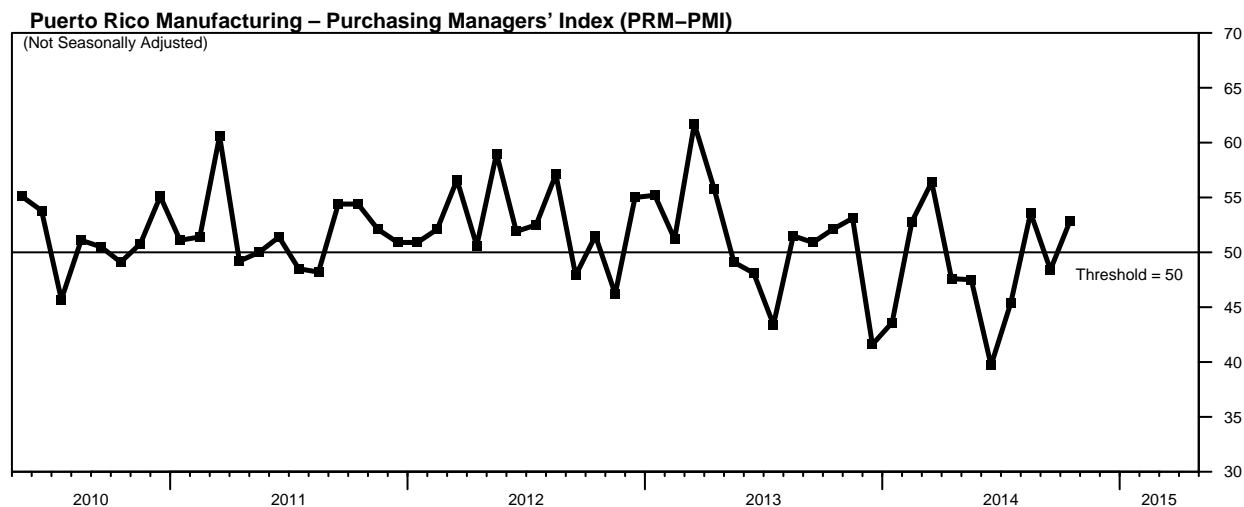


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): October 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	20.8	66.7	12.5	54.2	Higher	New orders
Producción	20.8	62.5	16.7	52.1	Higher	Production
Empleo	12.5	70.8	16.7	47.9	Lower	Employment
Entregas de suplidores	12.5	75	12.5	50	Same	Supplier deliveries
Inventarios de su empresa	33.3	54.2	12.5	60.4	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				52.9	Expansion	

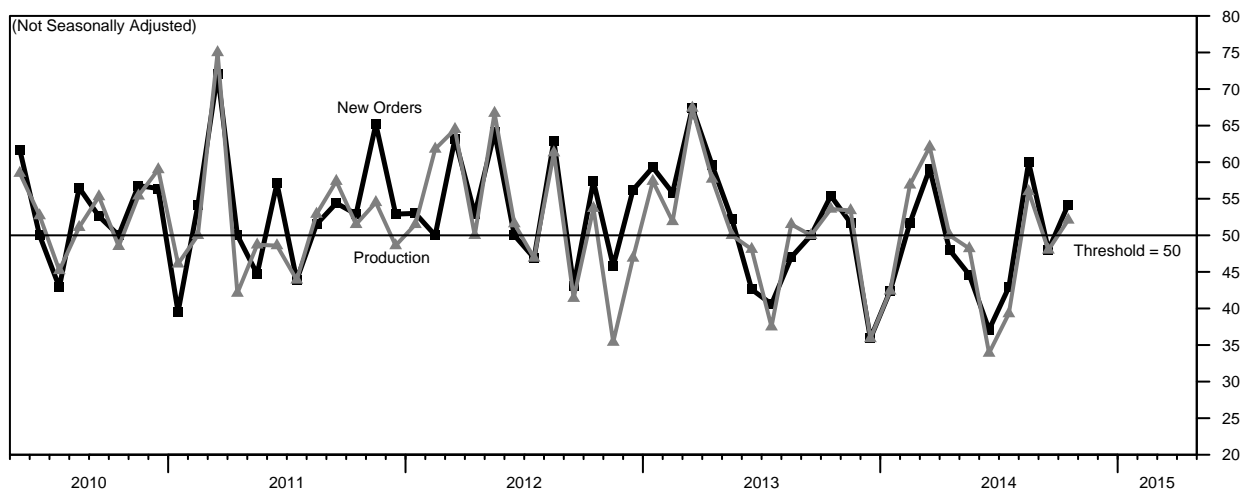
Note: Not Seasonally Adjusted (NSA)

New Orders

In October, the New Orders PMI (NSA) rose above the threshold level to 54.2. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were higher than in September.

Production

The Production PMI (NSA) edged up above the threshold level to 52.1 in October. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was higher than in September.

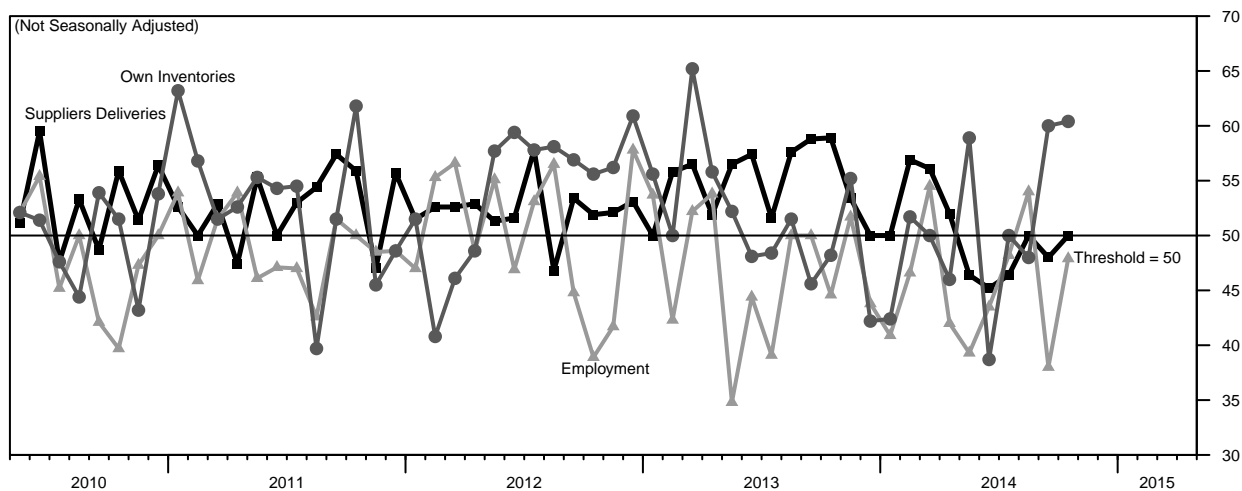


Employment

In October, the Employment PMI (NSA) jumped up to 47.9, but remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was lower than in September.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched up to the threshold level of 50.0 in October. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in October was the same as in September.



Own Inventories

In October, the Own Inventories PMI (NSA) ticked up to 60.4, remaining above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October were higher than in September.

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