

Purchasing Managers Index of Puerto Rico Manufacturing

November 2014

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 46.7 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased below the threshold level to 46.7 in November. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. All the sub-indexes declined when compared to their October reading, except the Suppliers Deliveries sub-index. All of the sub-indexes were below the threshold level, except the Suppliers Deliveries sub-index. For its part, the Supplier Deliveries sub-index jumped up to 57.1 in November, rising over the threshold level for the first time in 6 months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 37 of the 55 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.

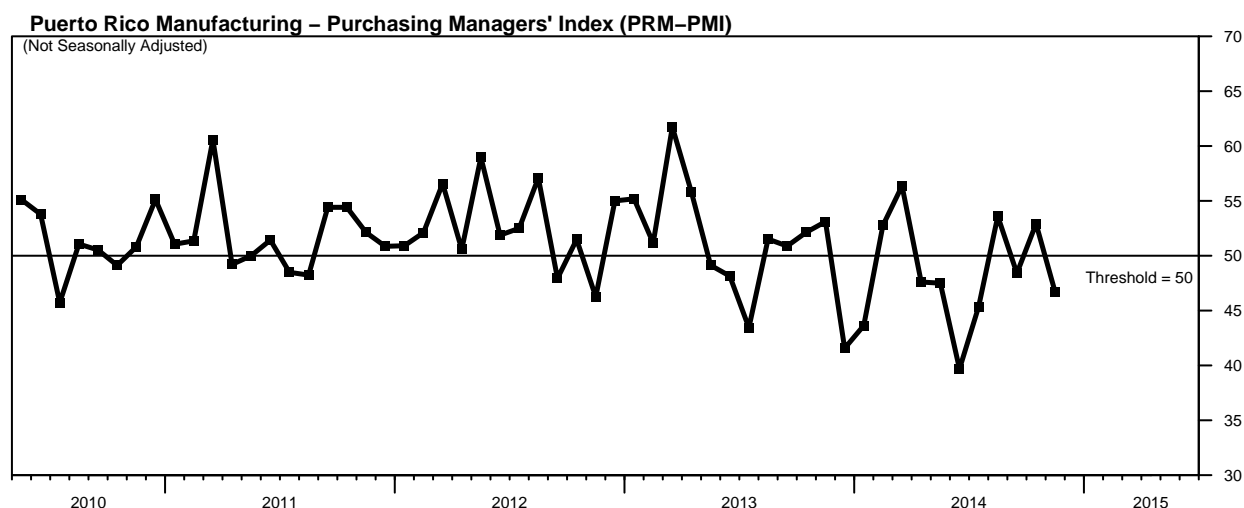


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): Noviembre 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	14.3	57.1	28.6	42.9	Lower	New orders
Producción	14.3	52.4	33.3	40.5	Lower	Production
Empleo	14.3	66.7	19	47.6	Lower	Employment
Entregas de suplidores	19	76.2	4.8	57.1	Slower	Supplier deliveries
Inventarios de su empresa	23.8	42.9	33.3	45.2	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 46.7 Contraction

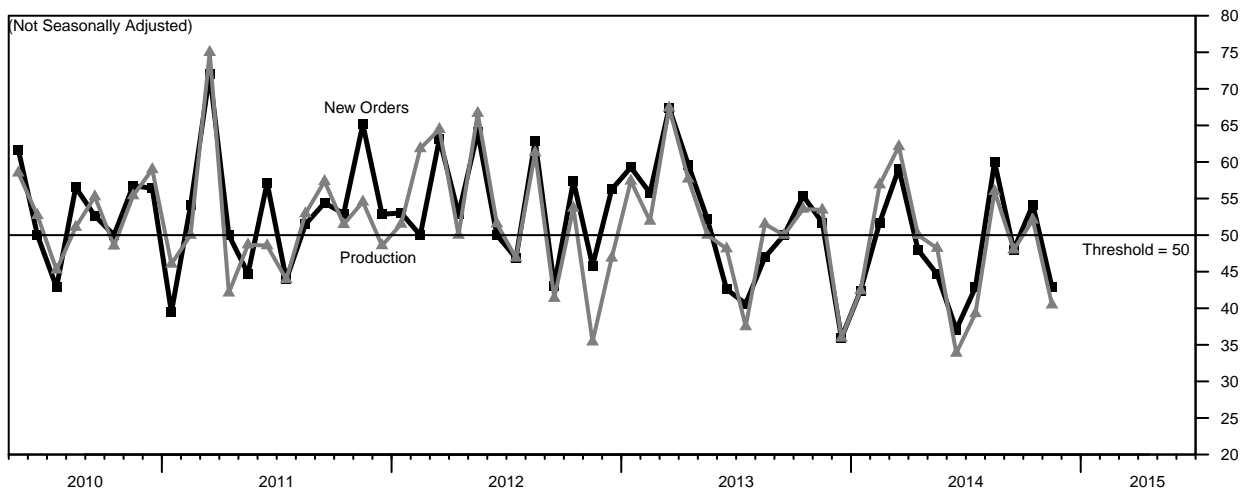
Note: Not Seasonally Adjusted (NSA)

New Orders

In November, the New Orders PMI (NSA) decreased below the threshold level to 42.9. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in November were lower than in October.

Production

The Production PMI (NSA) declined below the threshold level to 40.5 in November. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was lower than in October.

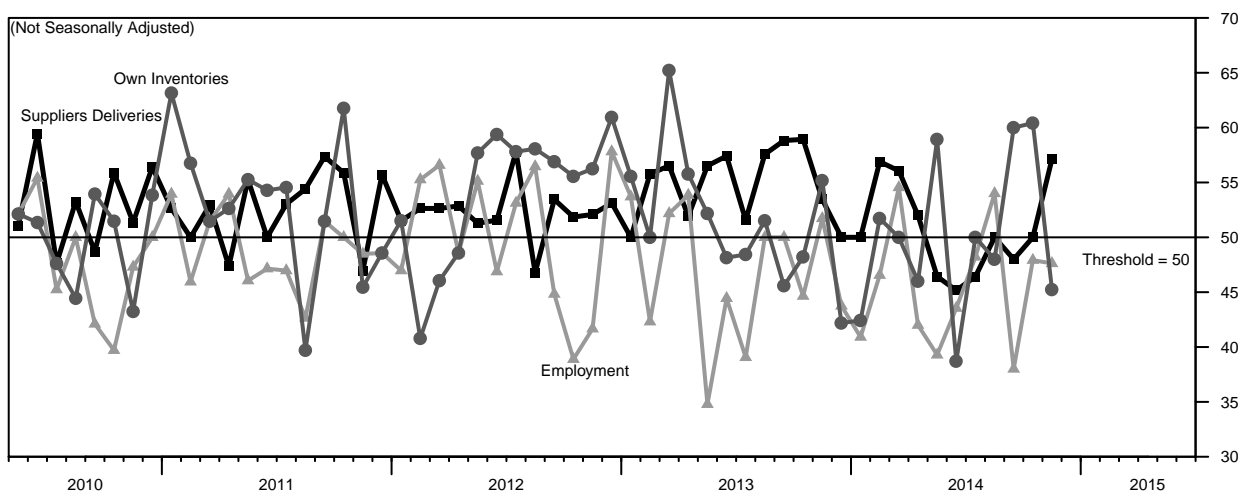


Employment

In November, the Employment PMI (NSA) inched down to 47.6, remaining below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was lower than in October.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) jumped up to 57.1 in November, above the threshold level for the first time in 6 months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in November was slower than in October, suggesting a higher demand for intermediate goods.



Own Inventories

In November, the Own Inventories PMI (NSA) dropped below the threshold level to 45.2. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November were lower than in October.

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/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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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-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