

Purchasing Managers Index of Puerto Rico Manufacturing

September 2014

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 48.4 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector moved down below the threshold level to 48.4 in September. A reading below 50 suggests a contraction in the manufacturing sector with respect to the previous month. All the sub-indexes moved down when compared to their August reading, except the Own Inventories sub-index. This sub-index was also the only one above the threshold level in September. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 36 of the 53 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.

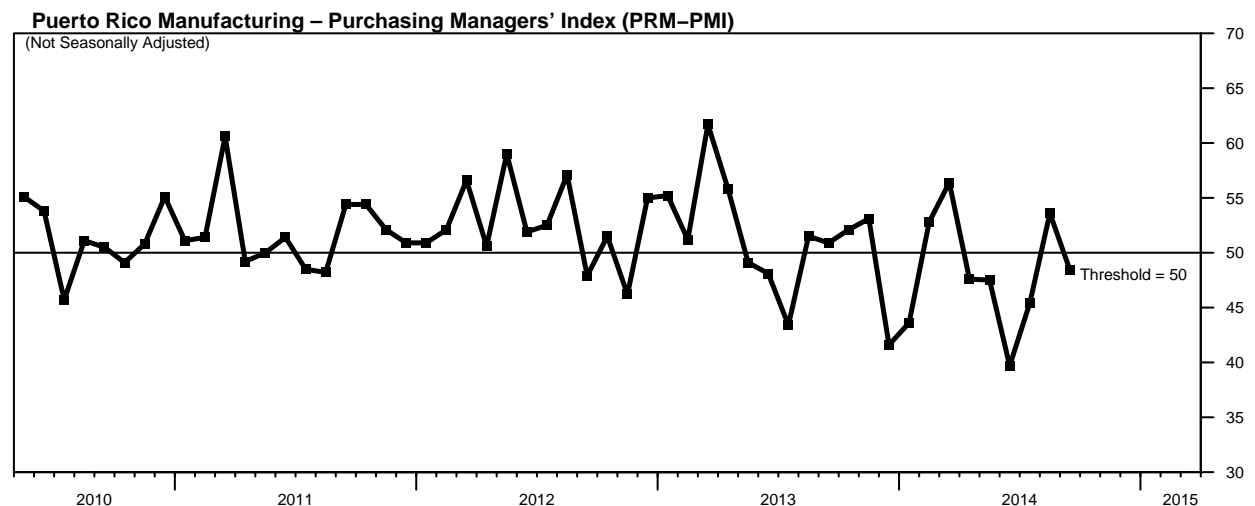


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	16	64	20	48	Lower	New orders
Producción	16	64	20	48	Lower	Production
Empleo	4	68	28	38	Lower	Employment
Entregas de suplidores	0	96	4	48	Faster	Supplier deliveries
Inventarios de su empresa	36	48	16	60	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				48.4	Contraction	

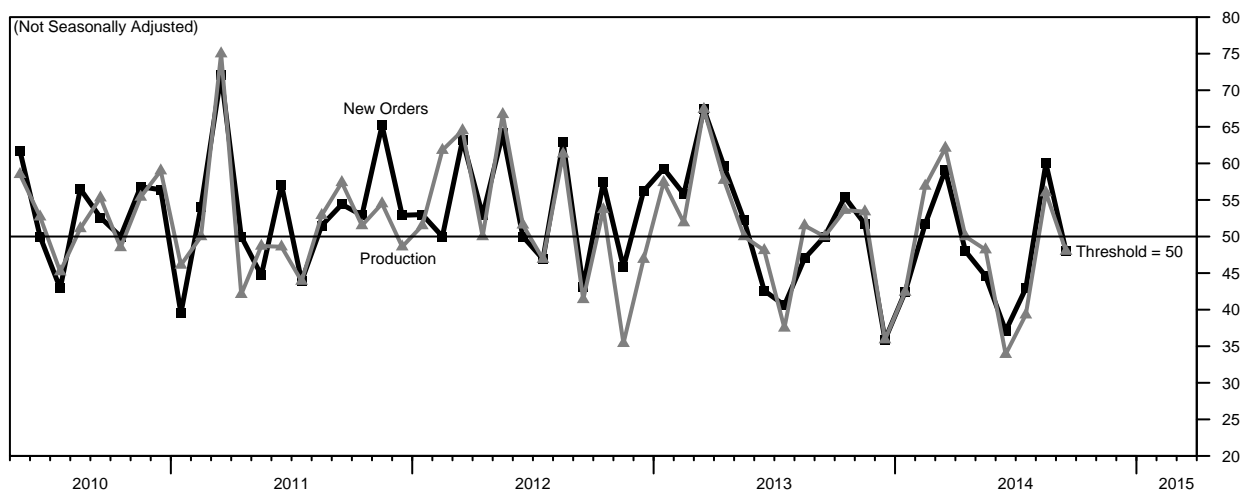
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) fell below the threshold level to 48.0 in September. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in September were lower than in August.

Production

In September, the Production PMI (NSA) declined to 48.0, also falling below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was lower than in August.

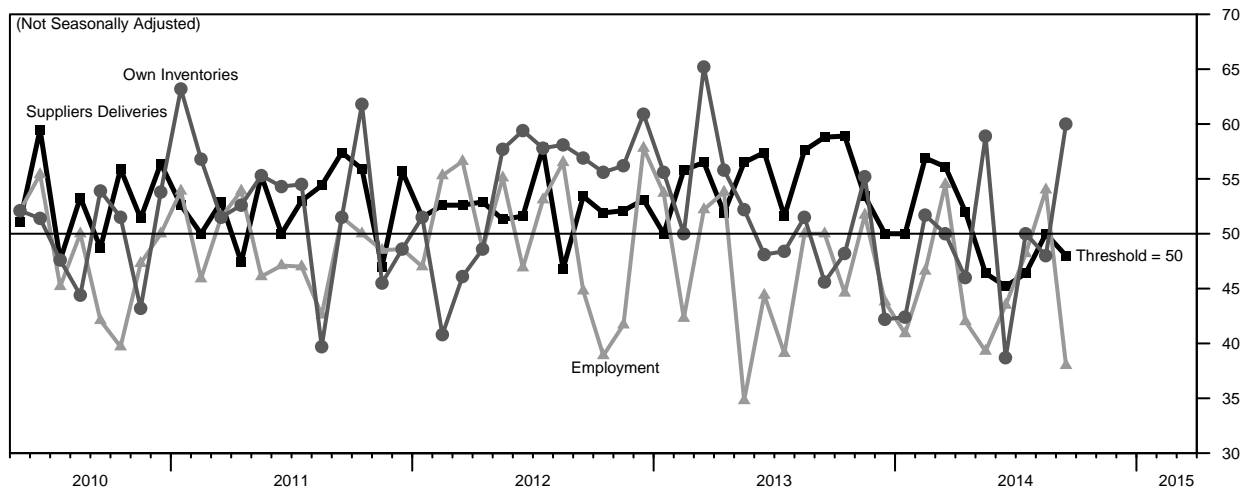


Employment

The Employment PMI (NSA) plunged below the threshold level to 38.0 in September. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was lower than in August.

Supplier Deliveries

In September, the Supplier Deliveries PMI (NSA) ticked below the threshold to 48.0. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in September was faster than in August.



Own Inventories

The Own Inventories PMI (NSA) vaulted above the threshold level to 60.0. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were higher than in August.

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