

Purchasing Managers Index of Puerto Rico Manufacturing

MAY 2013

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(787) 993-3336 • preguntas@estadisticas.gobierno.pr

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

PUERTO RICO MANUFACTURING PMI DECLINED TO 49.1 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector fell to 49.1 in May, below the threshold for the first time in five consecutive months. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. In May, all of the PMI sub-indexes decreased, except the Suppliers Deliveries PMI sub-index. The Employment PMI sub-index dropped to its lowest level ever since the survey was first undertaken. In fact, in May, all of the PMI sub-indexes remained above the threshold, except for the Employment PMI sub-index. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 29 of the 37 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.

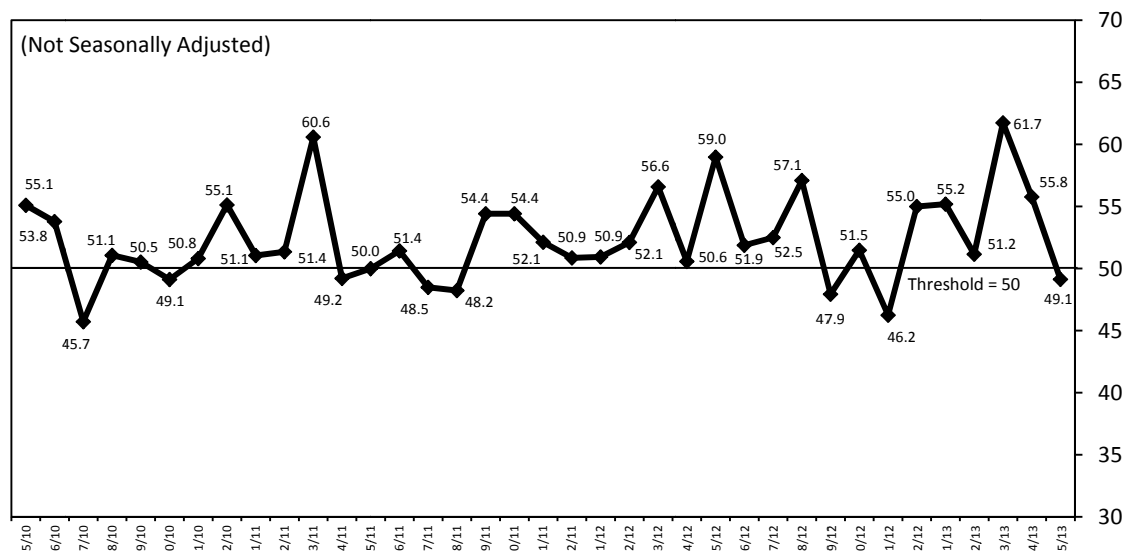


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): May 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	34.8	34.8	30.4	52.2	Higher	New orders
Producción	34.8	30.4	34.8	50	Same	Production
Empleo	13	43.5	43.5	34.8	Lower	Employment
Entregas de suplidores	21.7	69.6	8.7	56.5	Slower	Supplier deliveries
Inventarios de su empresa	30.4	43.5	26.1	52.2	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 49.1 Contraction

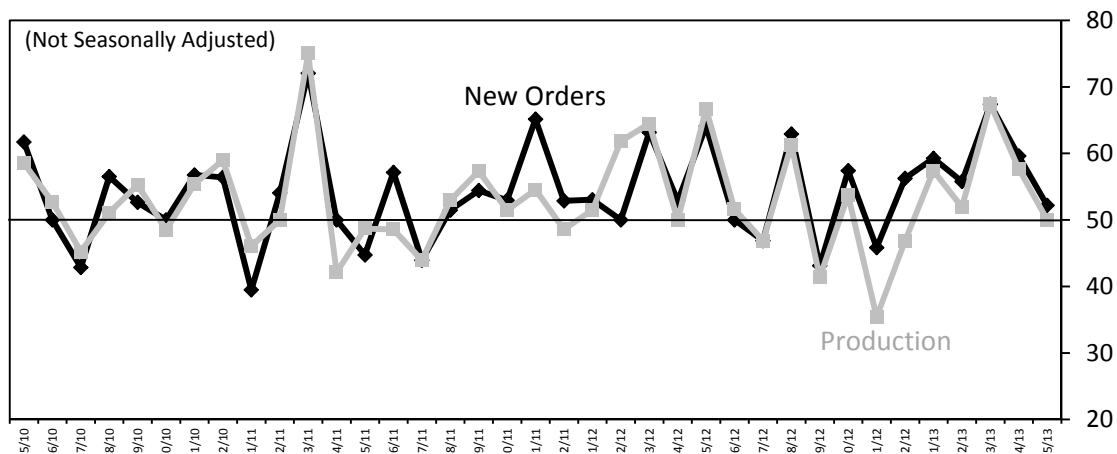
Note: Not Seasonally Adjusted (NSA)

New Orders

In May, the New Orders PMI (NSA) fell to 52.2, but remained above the threshold for the sixth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in May were higher than in April.

Production

The Production PMI (NSA) declined to the threshold value of 50.0 in May, remaining at or above the threshold for the fifth consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May was the same as in April.

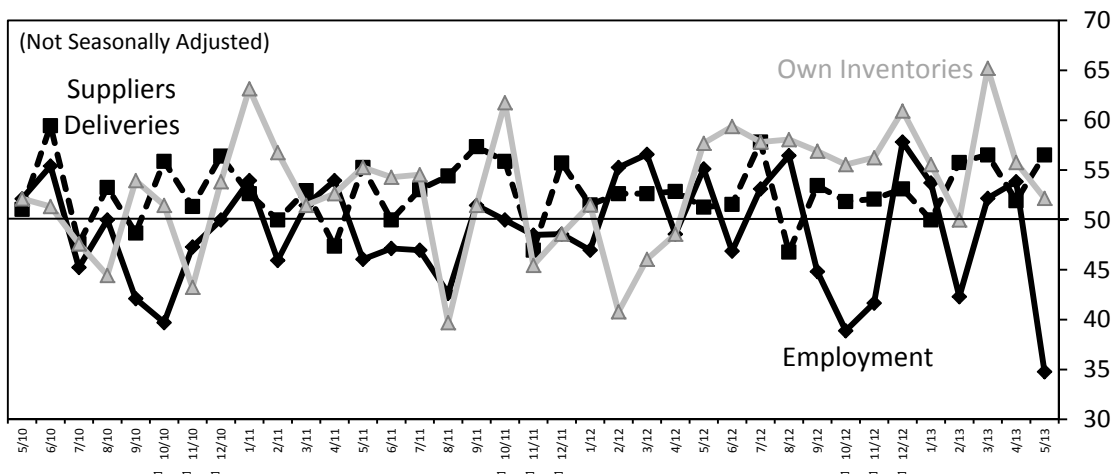


Employment

In May, the Employment PMI (NSA) sunk below the threshold to 34.8, for the first time in two consecutive months, reaching a record low since the survey was first undertaken. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was lower than in April.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged up to 56.5 in May, remaining at or above the threshold for the ninth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in May was slower than in April, suggesting a higher demand for intermediate goods.



Own Inventories

In May, the Own Inventories PMI (NSA) inched down to 52.2, remaining at or above the threshold for the thirteenth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were higher than in April.

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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Contact information

Contact person: Yoel Velázquez, PPL, Statistical Project Manager
Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919
Telephones: Direct – (787) 993-3340; Fax – (787) 993-3346; E-mail – yoel.velazquez@estadisticas.gobierno.pr

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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 2013:

Reference month	Publication date
Nov-12	January 2, 2013
Dec-12	February 1, 2013
Jan-13	March 1, 2013
Feb-13	April 1, 2013
Mar-13	May 1, 2013
Apr-13	June 3, 2013

Reference month	Publication date
May-13	July 1, 2013
Jun-13	August 1, 2013
Jul-13	September 3, 2013
Aug-13	October 1, 2013
Sep-13	November 1, 2013
Oct-13	December 2, 2013