

Purchasing Managers Index of Puerto Rico Manufacturing

November 2013

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

PUERTO RICO MANUFACTURING PMI EDGED UP TO 53.1 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 53.1 in November, remaining above the threshold level for the fourth consecutive month. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All PMI sub-indexes were above the threshold level of 50 in November. The New Orders, Production, and Suppliers Deliveries sub-indexes edged down in November, whereas both the Employment and Own Inventories sub-indexes vaulted over the threshold level. In the case of the Employment sub-index, it was the first time in 6 months that this index was above the threshold. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 33 of the 43 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.

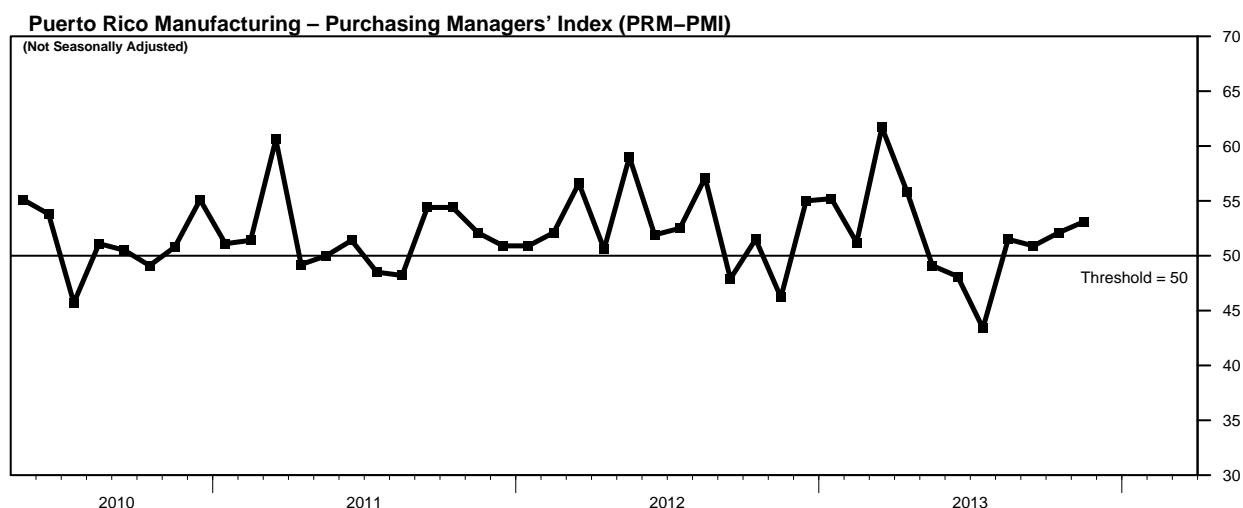


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	31	41.4	27.6	51.7	Higher	New orders
Producción	34.5	37.9	27.6	53.4	Higher	Production
Empleo	13.8	75.9	10.3	51.7	Higher	Employment
Entregas de suplidores	17.2	72.4	10.3	53.4	Slower	Supplier deliveries
Inventarios de su empresa	31	48.3	20.7	55.2	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				53.1	Expansion	

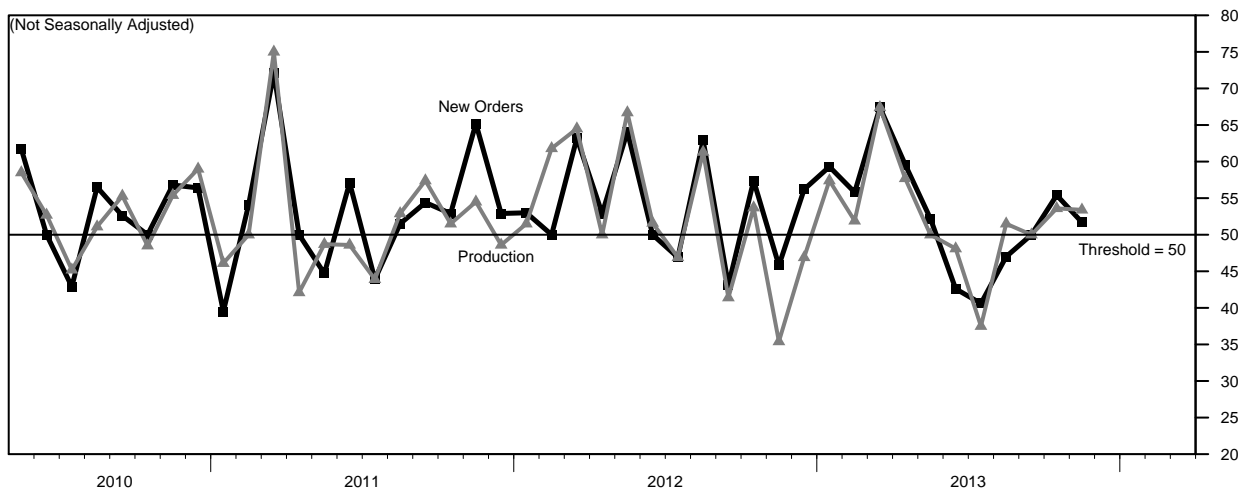
Note: Not Seasonally Adjusted (NSA)

New Orders

In November, the New Orders PMI (NSA) decreased to 51.7, but remained at or above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in November were higher than in October.

Production

The Production PMI (NSA) inched down to 53.4 in November, but remained at or above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was higher than in October.

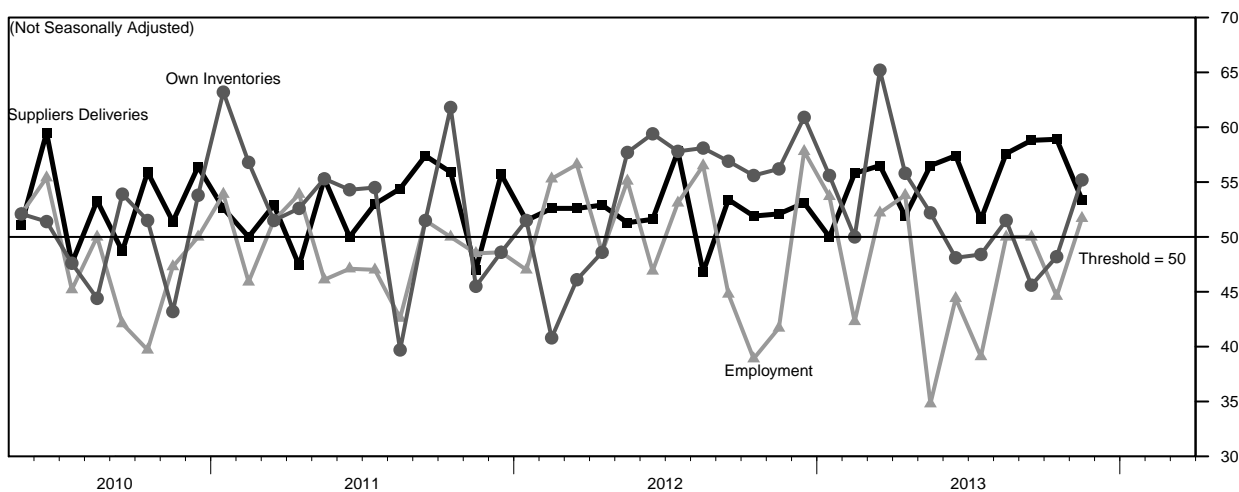


Employment

In November, the Employment PMI (NSA) jumped up over the threshold level to 51.7, for the first time in six months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was higher than in October.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 53.4 in November, but remained at or above the threshold level for the fifteenth consecutive month. 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) vaulted above the threshold level to 55.2, following two consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November were higher 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-13	January 2, 2014
Dec-13	February 3, 2014
Jan-14	March 3, 2014
Feb-14	April 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