

Purchasing Managers Index of Puerto Rico Manufacturing

May 2012

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<http://www.estadisticas.gobierno.pr/iepr/Estadisticas/Encuestas/ManufaturaPMI.aspx>

PUERTO RICO MANUFACTURING PMI JUMPED TO 59.0 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 59.0 in May, remaining above the threshold for the ninth consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. In May, all of the sub-indexes of the PRM-PMI were above the threshold value of 50. In addition, every sub-index, except the Suppliers Deliveries sub-index, moved up. The New Orders and Production sub-indexes increased the most, followed by the Own Inventories sub-index which rose above the threshold for the first time in three consecutive months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 20 of the 25 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.

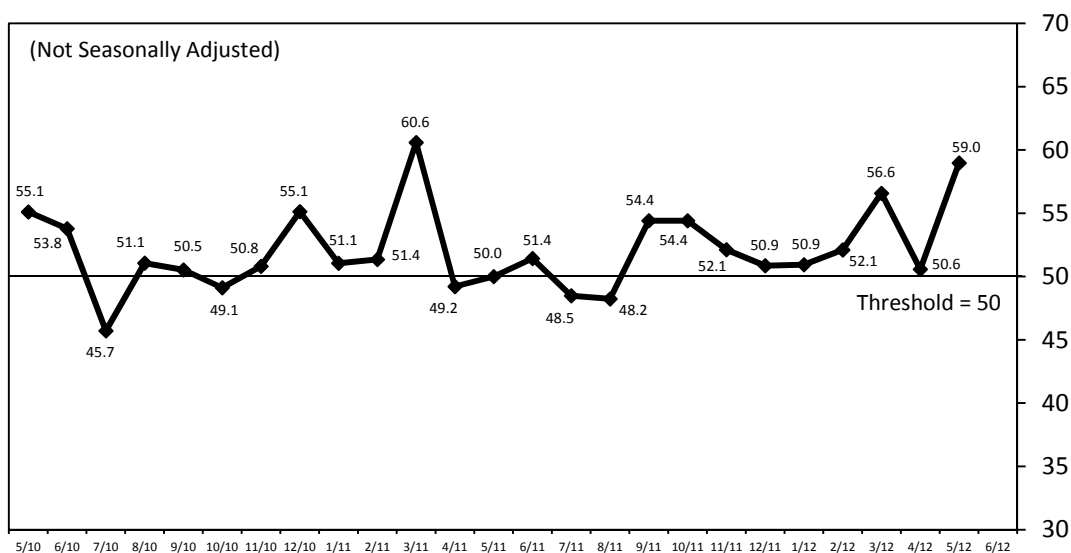


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): May 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	35.9	56.4	7.7	64.1	Higher	New orders
Producción	38.5	56.4	5.1	66.7	Higher	Production
Empleo	17.9	74.4	7.7	55.1	Higher	Employment
Entregas de suplidores	10.3	82.1	7.7	51.3	Slower	Supplier deliveries
Inventarios de su empresa	30.8	53.8	15.4	57.7	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 59 Expansion

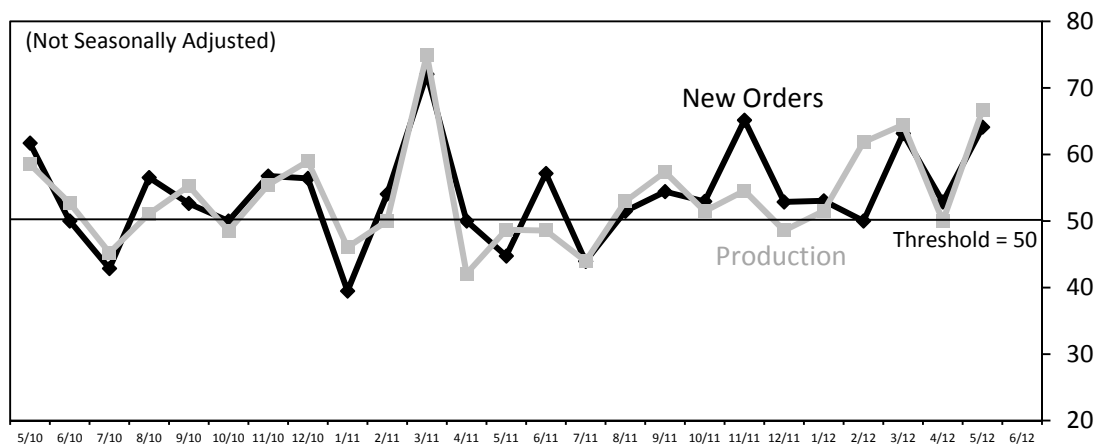
Note: Not Seasonally Adjusted (NSA)

New Orders

In May, the New Orders PMI (NSA) jumped to 64.1, remaining at or above the threshold for the tenth 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) vaulted from the threshold value to 66.7 in May. This is the fifth consecutive month in which the Production PMI (NSA) is at or above the threshold level. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May was higher than in April.

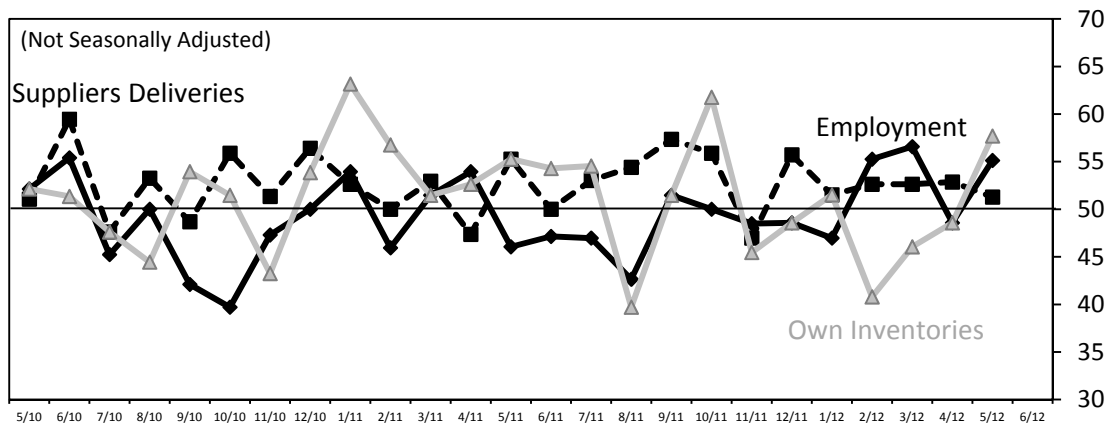


Employment

In May, the Employment PMI (NSA) increased above the threshold to 55.1. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was higher than in April.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 51.3 in May, but remained above the threshold for its sixth 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 higher demand for intermediate goods.



Own Inventories

In May, the Own Inventories PMI (NSA) rose above the threshold level to 57.7, for the first time in three consecutive months. 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/Estadisticas/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 2012:

Reference month	Publication date
Nov 2011	January 3, 2012
Dec 2011	February 1, 2012
Jan 2012	March 1, 2012
Feb 2012	April 2, 2012
Mar 2012	May 1, 2012
Apr 2012	June 1, 2012

Reference month	Publication date
May 2012	July 2, 2012
Jun 2012	August 1, 2012
Jul 2012	September 4, 2012
Aug 2012	October 1, 2012
Sep 2012	November 1, 2012
Oct 2012	December 3, 2012