

Purchasing Managers Index of Puerto Rico Manufacturing

JULY 2012

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

PUERTO RICO MANUFACTURING PMI EDGED UP TO 52.5 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing inched up to 52.5 in July, remaining above the threshold for the eleventh consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. The New Orders, Production, and Own Inventories sub-indexes decreased, with New Orders and Production falling below the threshold value of 50 during the summer vacation month. In turn, the Employment and Suppliers Deliveries sub-indexes increased, with Suppliers Deliveries remaining above the threshold for the eighth consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 22 of the 27 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.

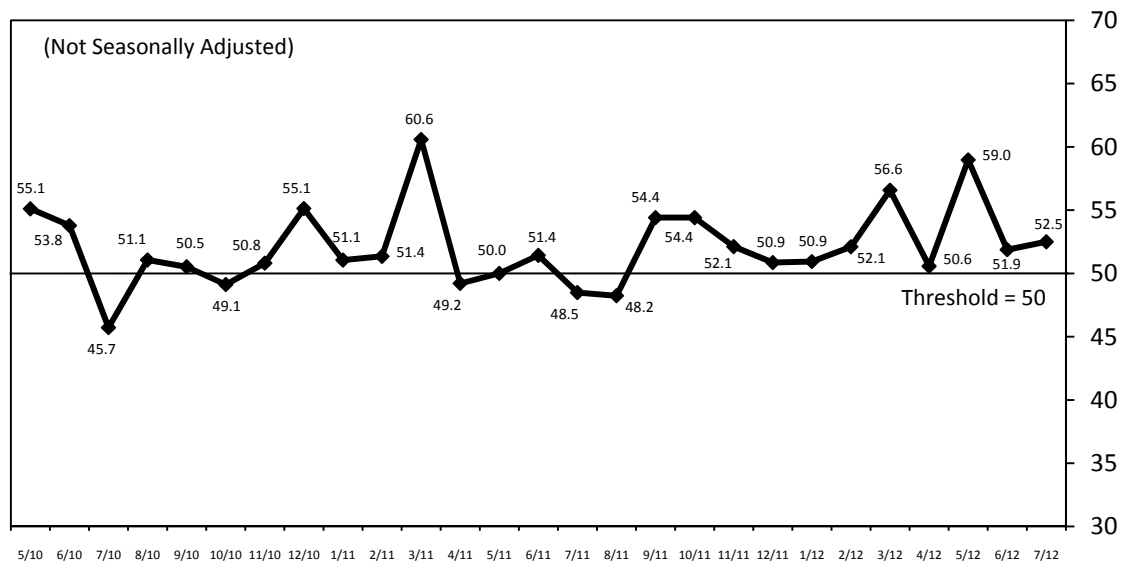


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	25	43.8	31.2	46.9	Lower	New orders
Producción	25	43.8	31.2	46.9	Lower	Production
Empleo	18.8	68.8	12.5	53.1	Higher	Employment
Entregas de suplidores	21.9	71.9	6.2	57.8	Slower	Supplier deliveries
Inventarios de su empresa	34.4	46.9	18.8	57.8	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 52.5 Expansion

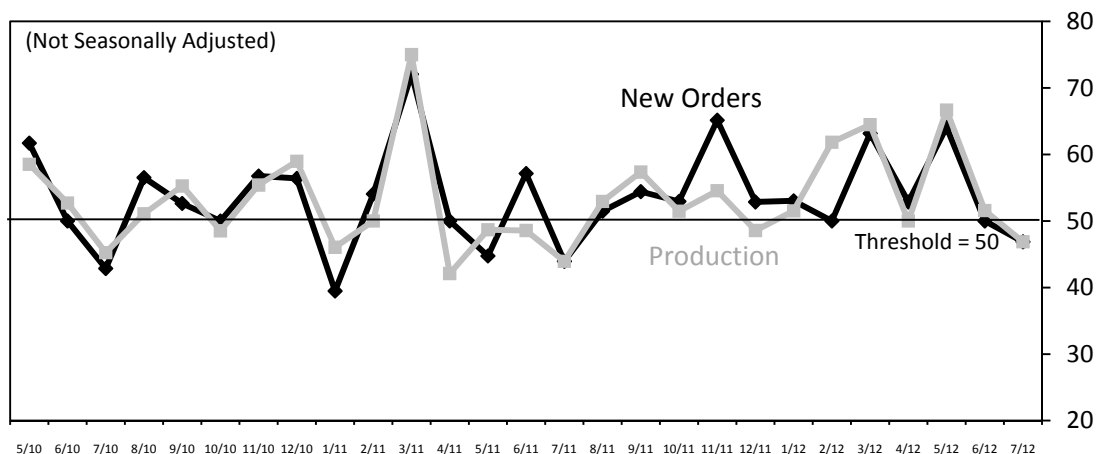
Note: Not Seasonally Adjusted (NSA)

New Orders

In July, the New Orders PMI (NSA) slipped to 46.9, falling below the threshold for the first time since July of last year. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in July were lower than in June.

Production

The Production PMI (NSA) decreased to 46.9 in July, falling below the threshold level since December of last year. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.

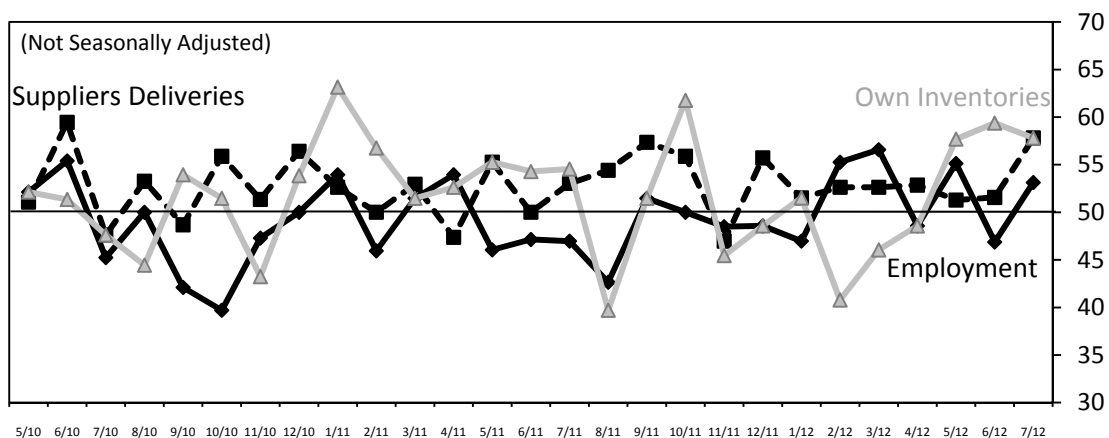


Employment

In July, the Employment PMI (NSA) rose above the threshold to 53.1, after being below the threshold last month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was higher than in June.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) ascended to 57.8 in July, its eight consecutive months above the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in July was lower than in June, suggesting a higher demand for intermediate goods.



Own Inventories

In July, the Own Inventories PMI (NSA) edged down to 57.8, but remained above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher than in June.

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 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