

Purchasing Managers Index of Puerto Rico Manufacturing

AUGUST 2012

Transmission of material in this release is embargoed
until 10:00 a.m. (AST) Monday, October 1, 2012

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

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

PUERTO RICO MANUFACTURING PMI MOVED UP TO 57.1 IN AUGUST

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing ascended to 57.1 in August, remaining above the threshold for the twelfth consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. In August all of the PMI sub-indexes increased and were above the threshold, but one: the Supplier Deliveries sub-index decreased below the threshold for the first time in 8 months, indicating that the deliveries of suppliers to manufacturing establishments in Puerto Rico occurred at a quicker pace than in the previous month. The New Orders and Production sub-indexed jumped back up above the threshold after one month below. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 23 of the 28 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.

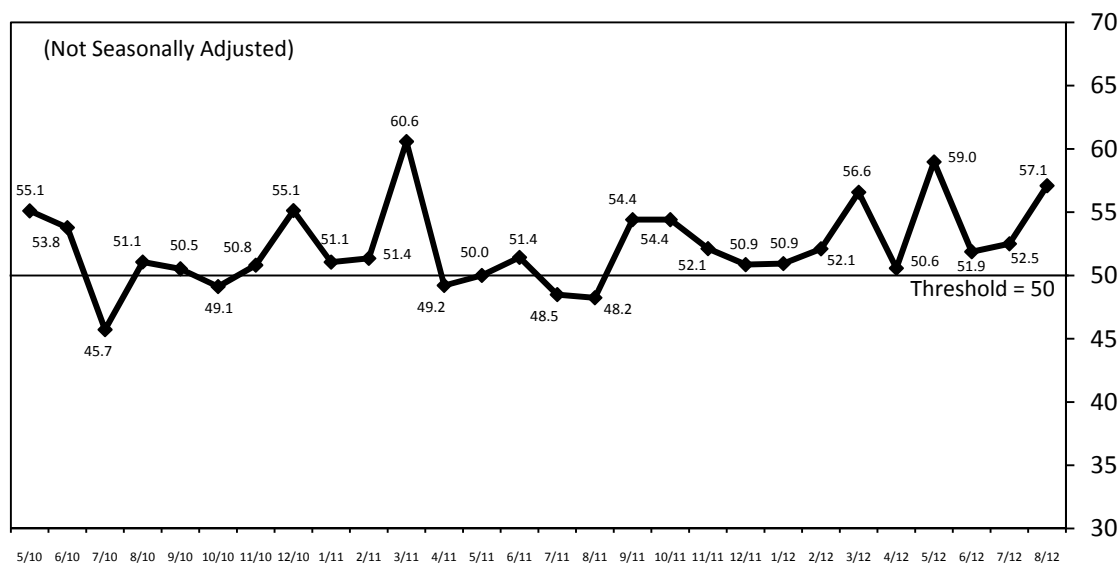


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): August 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	41.9	41.9	16.1	62.9	Higher	New orders
Producción	45.2	32.3	22.6	61.3	Higher	Production
Empleo	22.6	67.7	9.7	56.5	Higher	Employment
Entregas de suplidores	9.7	74.2	16.1	46.8	Faster	Supplier deliveries
Inventarios de su empresa	32.3	51.6	16.1	58.1	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 57.1 Expansion

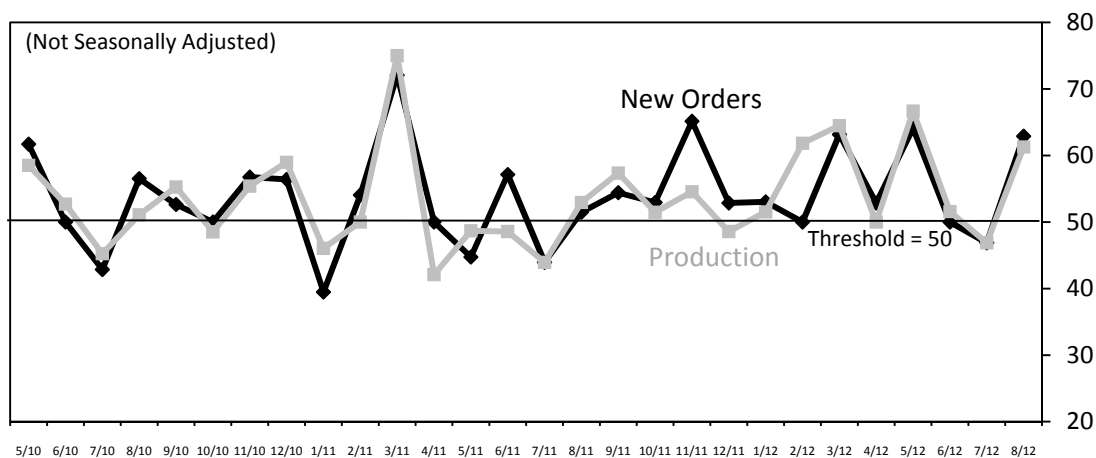
Note: Not Seasonally Adjusted (NSA)

New Orders

In August, the New Orders PMI (NSA) jumped back up above the threshold to 62.9, after one month below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in August were higher than in July.

Production

The Production PMI (NSA) increased above the threshold to 61.3 in August, after one month below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in August was higher than in July.

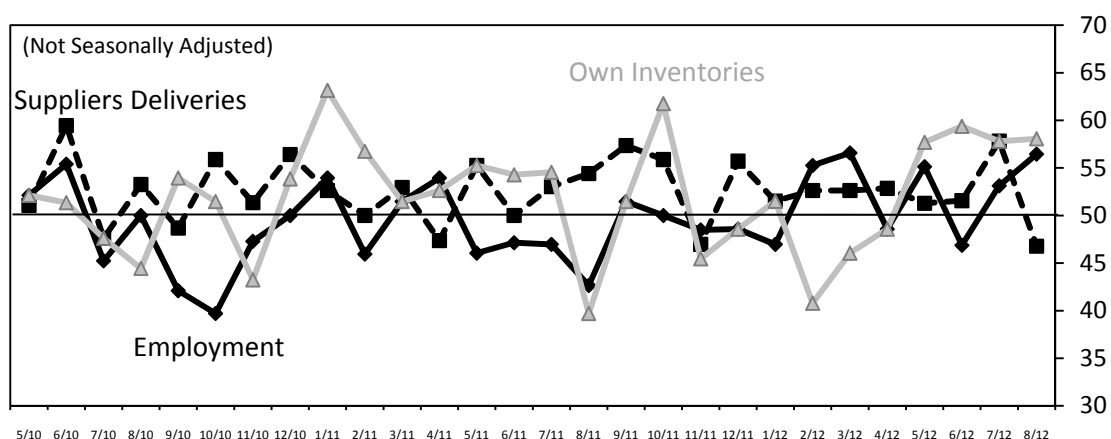


Employment

In August, the Employment PMI (NSA) rose to 56.5, its second consecutive months above the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in August was higher than in July.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) receded to 46.8 in August, falling below the threshold level for the first time in eight consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in August was faster than in July, suggesting a lower demand for intermediate goods.



Own Inventories

In August, the Own Inventories PMI (NSA) edged up to 58.1, remaining for its fourth consecutive month above the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in August were higher than in July.

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/ManufaturaPMI.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.

This report was prepared by the staff of the Puerto Rico Institute of Statistics and has not been evaluated by the Board of Directors of the Puerto Rico Institute of Statistics. The information contained in this report need not reflect the official opinion of the Board of Directors of the Puerto Rico Institute of Statistics. No warranty, express or implied, is attached to these figures. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

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

To obtain a copy of this report

(1) visit <http://www.estadisticas.gobierno.pr/iepr/Publicaciones/Encuestas/ManufaturaPMI.aspx>, (2) email your request to preguntas@estadisticas.gobierno.pr, (3) call (787) 993-3336, (4) fax your request to (787) 993-3346, (5) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (6) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

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