

# Purchasing Managers Index of Puerto Rico Manufacturing

## March 2012

Transmission of material in this release is embargoed

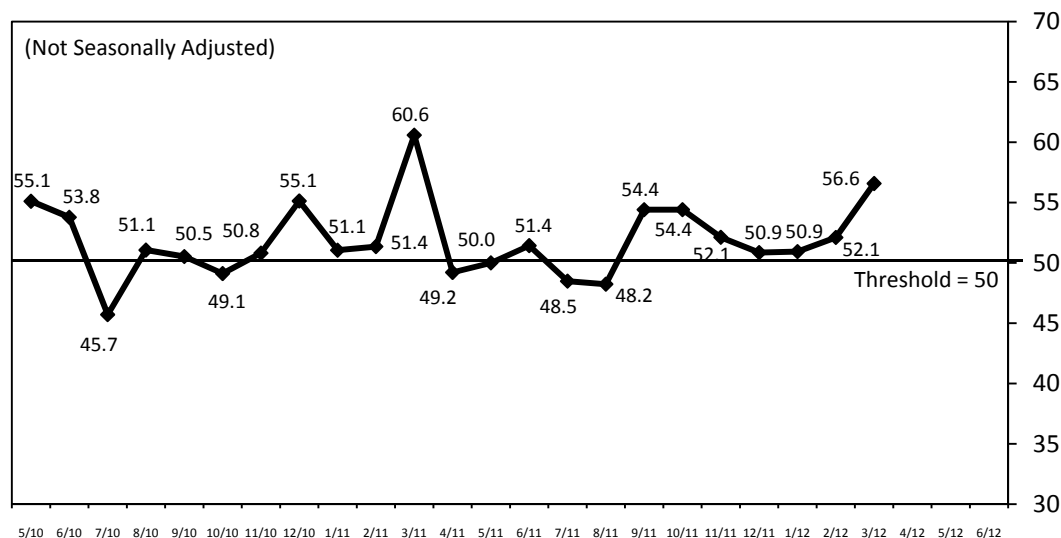
until 10:00 a.m. (AST) Tuesday, May 1, 2012

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

### PUERTO RICO MANUFACTURING PMI INCREASES TO 56.6 IN MARCH

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 56.6 in March, remaining above the threshold for the seventh consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All of PMI's sub-indexes increased, except for Suppliers Deliveries which did not change. The New Orders sub-index jumped up the most, and in the process registered its eighth consecutive month above the threshold. All of the PMI's sub-indexes were above the threshold, except for Own Inventories which remained below the threshold for the second consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 18 of the 23 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): March 2012**

	Better	Same	Worse	PMI		
Órdenes nuevas	39.5	47.4	13.2	63.2	Higher	New orders
Producción	44.7	39.5	15.8	64.5	Higher	Production
Empleo	26.3	60.5	13.2	56.6	Higher	Employment
Entregas de suplidores	15.8	73.7	10.5	52.6	Slower	Supplier deliveries
Inventarios de su empresa	26.3	39.5	34.2	46.1	Lower	Own inventories

**Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 56.6 Expansion**

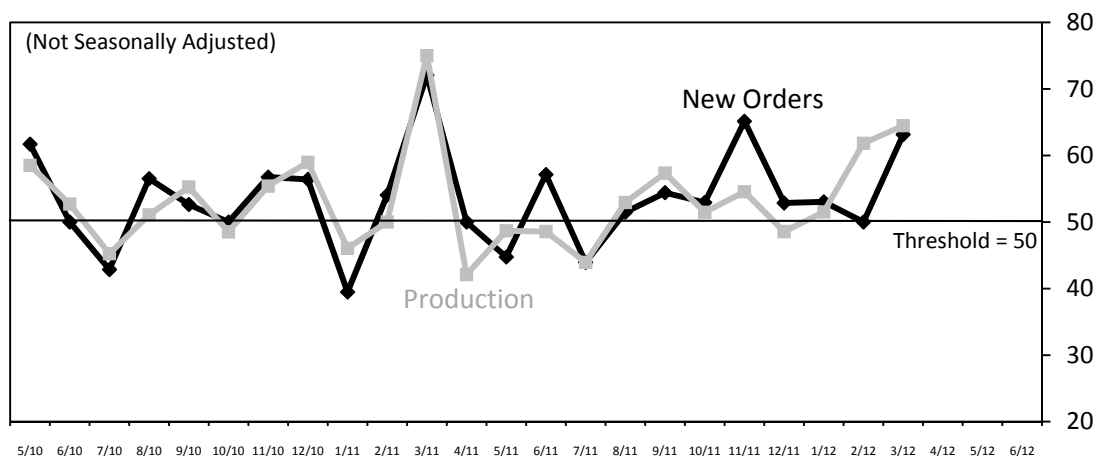
Note: Not Seasonally Adjusted (NSA)

## New Orders

In March, the New Orders PMI (NSA) jumped up to 63.2, remaining at or above the threshold for the eighth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in March were higher than in February.

## Production

The Production PMI (NSA) edged up further above the threshold to 64.5 in March, remaining above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in March was higher than in February.

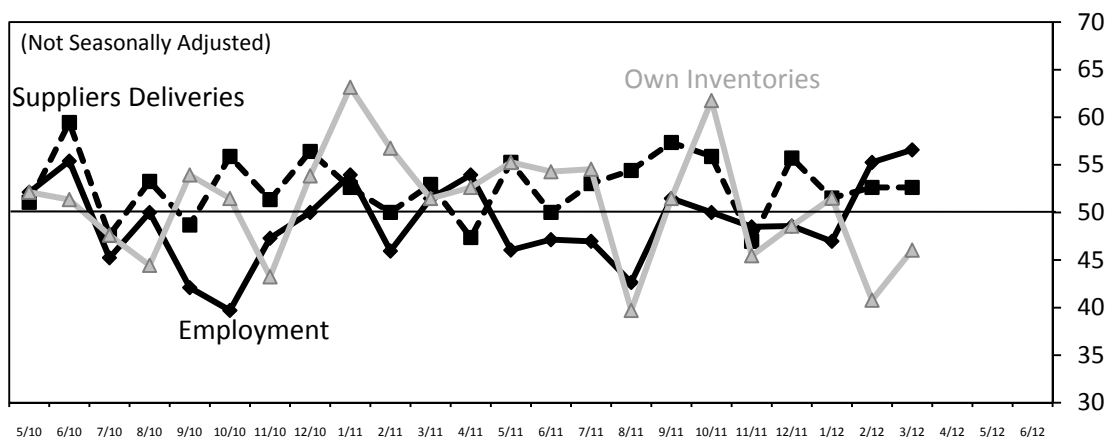


## Employment

In March, the Employment PMI (NSA) inched up further above the threshold to 56.6, remaining above the threshold for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in March was higher than in February.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) remained flat at 52.6 in March, the fourth consecutive month above the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in March was slower than in February, suggesting higher demand for intermediate goods.



## Own Inventories

The Own Inventories PMI (NSA) increased to 46.1 in March, but remained below the threshold for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in March were lower than in February.

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### 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/ManufecturaPMI.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