

Purchasing Managers Index of Puerto Rico Manufacturing

February 2012

Transmission of material in this release is embargoed

until 10:00 a.m. (AST) Monday, April 2, 2012

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

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

PUERTO RICO MANUFACTURING PMI RISES TO 52.1 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 52.1 in February, remaining above the threshold for the sixth consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. Increases in the PMI's sub-indexes for Production, Employment, and Suppliers Deliveries offset decreases in the PMI's sub-indexes for New Orders and Own Inventories. The Employment PMI (NSA) rose above the threshold for the first time in four months. All of the PMI's sub-indexes were at or above the threshold in February, with the exception of the Own Inventories subindex. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 17 of the 22 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.

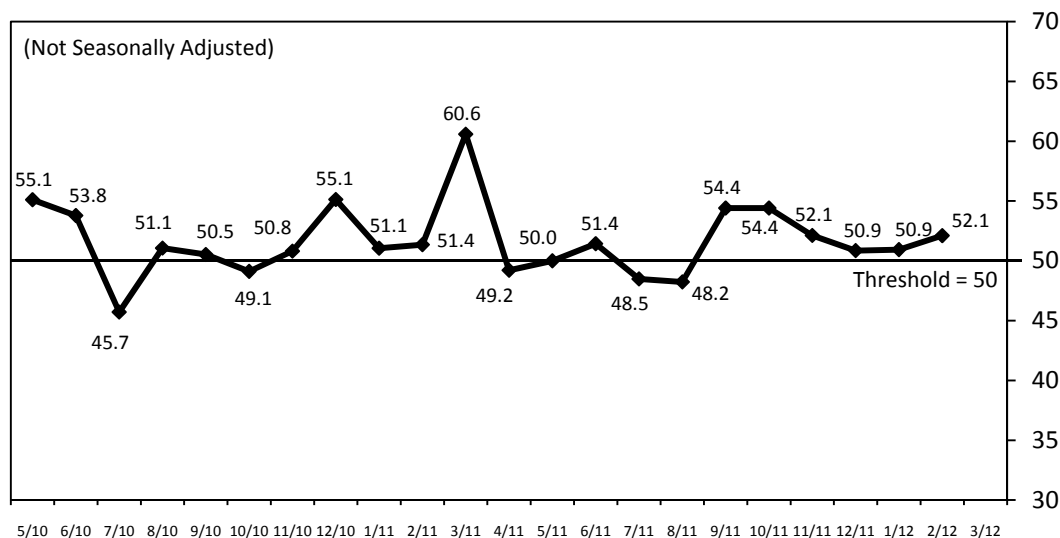


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	21.1	57.9	21.1	50	Same	New orders
Producción	36.8	50	13.2	61.8	Higher	Production
Empleo	21.1	68.4	10.5	55.3	Higher	Employment
Entregas de suplidores	13.2	78.9	7.9	52.6	Slower	Supplier deliveries
Inventarios de su empresa	18.4	44.7	36.8	40.8	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 52.1 Expansion

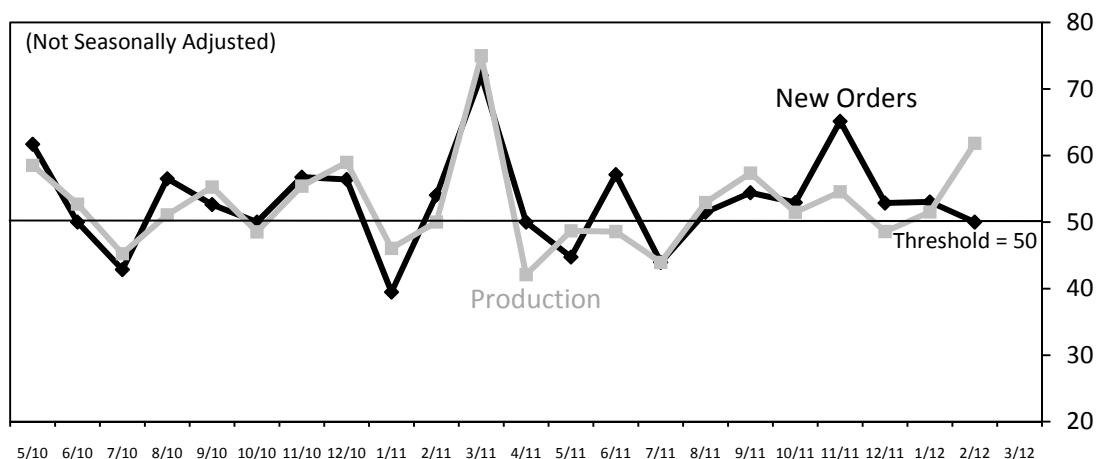
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) decreased to 50.0, remaining at or above the threshold for the seventh consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in February were the same as in January.

Production

The Production PMI (NSA) jumped further above the threshold to 61.8 in February. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January. According to one manufacturing establishment, the increases in production have been the result of re-openings following holiday shutdowns in co-packing facilities during the previous month, January.

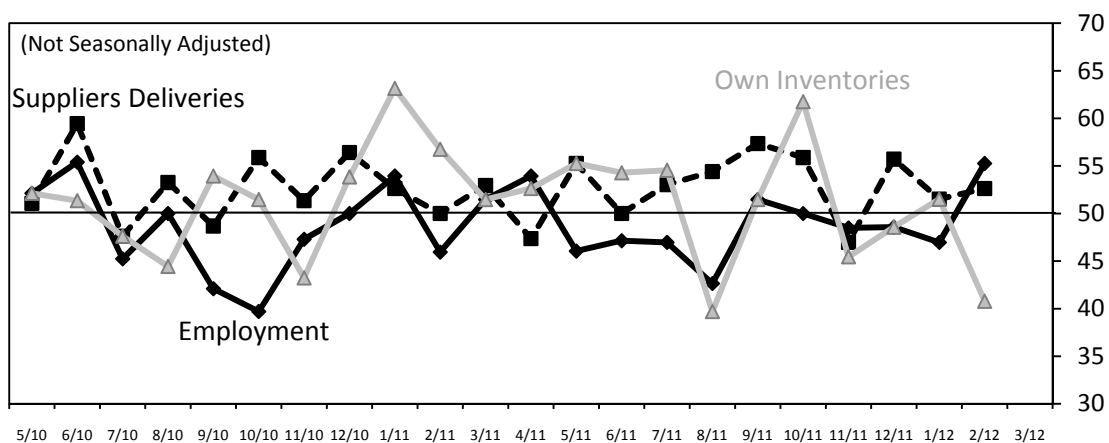


Employment

In February, the Employment PMI (NSA) rose above the threshold to 55.3, after remaining at or below the threshold for four consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was higher than in January. According to one manufacturing establishment, additional shifts were added in February.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged up to 52.6 in February, remaining above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in February was slower than in January, suggesting higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) fell below the threshold to 40.8 in February. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were lower than in January.

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.

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: Mario Marazzi-Santiago, Ph.D., Executive Director

Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919

Telephones: Direct – (787) 993-3336; Fax – (787) 993-3346; E-mail – preguntas@estadisticas.gobierno.pr

To obtain a copy of this report

(1) visit <http://www.estadisticas.gobierno.pr/iepr/Estadisticas/Encuestas/ManufecturaPMI.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