

Purchasing Managers Index of Puerto Rico Manufacturing

October 2011

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(787) 993-3336 • preguntas@estadisticas.gobierno.pr
<http://www.estadisticas.gobierno.pr/iepr/Encuestas/Manufactura.aspx>

PUERTO RICO MANUFACTURING PMI REMAINED UNCHANGED AT 54.4 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector was unchanged at 54.4 in October, remaining above the threshold for the second consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. The PMI's sub-indexes for New Orders, Production, Employment and Suppliers Deliveries decreased in October, but remained at or above the threshold. The Own inventories PMI sub-index increased further above 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 13 of the 18 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. See next pages for details.

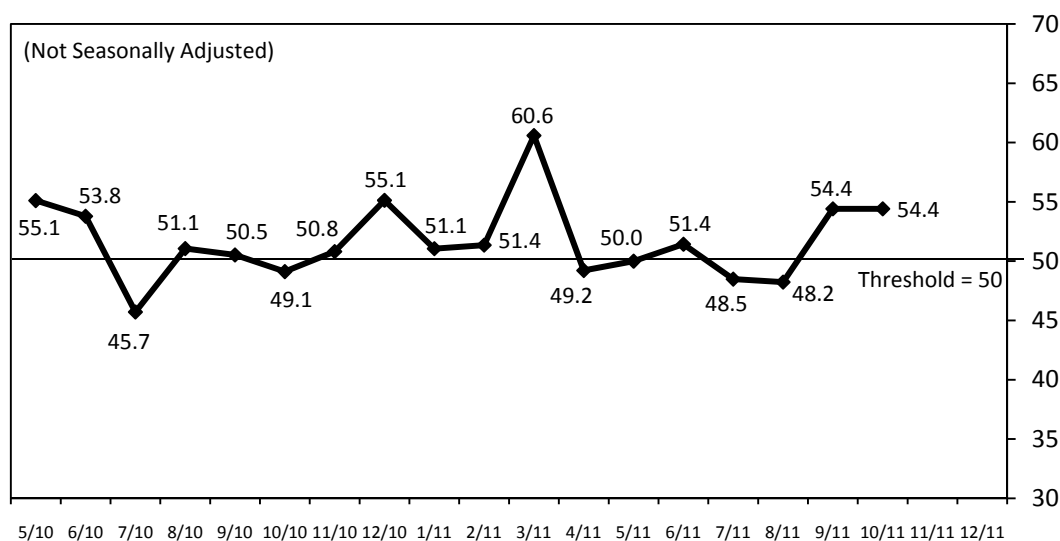


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): October 2011

	Better	Same	Worse	PMI		
Órdenes nuevas	32.4	41.2	26.5	52.9	Higher	New orders
Producción	35.3	32.4	32.4	51.5	Higher	Production
Empleo	20.6	58.8	20.6	50	Same	Employment
Entregas de suplidores	23.5	64.7	11.8	55.9	Slower	Supplier deliveries
Inventarios de su empresa	35.3	52.9	11.8	61.8	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 54.4 Expansion

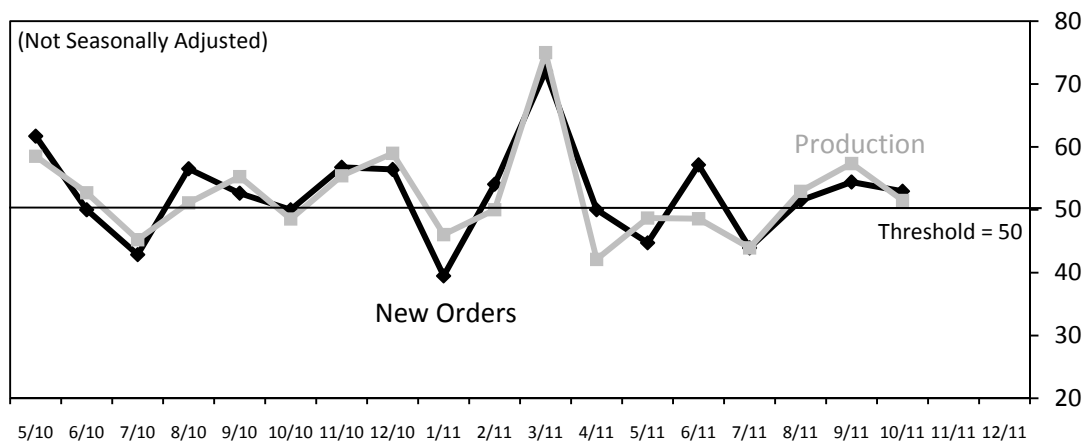
Note: Not Seasonally Adjusted (NSA)

New Orders

In October, the New Orders PMI (NSA) edged down to 52.9, but remained above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were higher than in September.

Production

The Production PMI (NSA) decreased to 51.5 in October, but remained above the threshold value for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was higher than in September.

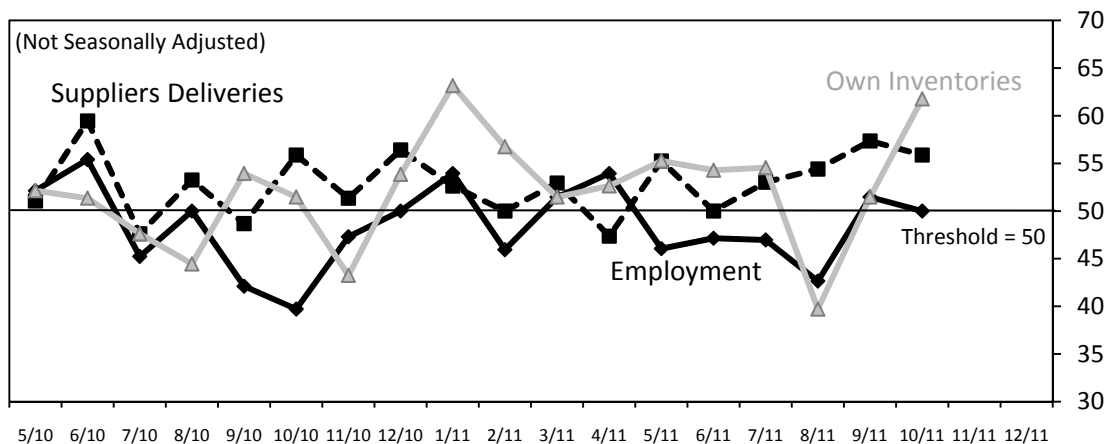


Employment

In October, the Employment PMI (NSA) inched down to the threshold of 50.0. A reading of 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was the same as in September.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 55.9, but remained at or above the threshold for the sixth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in October was slower than in September. In turn, this may be a sign of higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI increased further above the threshold to 61.8 in October. A reading above 50 indicates that inventories in manufacturing establishments in October were higher than in September.

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/Encuestas/Manufactura.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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Contact information

Contact person: Karen Flores, 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 – karen.flores@estadisticas.gobierno.pr

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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:

Reference month	Publication date
Jan 2011	March 1, 2011
Feb 2011	April 1, 2011
Mar 2011	May 2, 2011
Apr 2011	June 1, 2011
May 2011	July 1, 2011
Jun 2011	August 1, 2011

Reference month	Publication date
Jul 2011	September 1, 2011
Aug 2011	October 3, 2011
Sep 2011	November 1, 2011
Oct 2011	December 1, 2011
Nov 2011	January 2, 2012
Dec 2011	February 1, 2012