

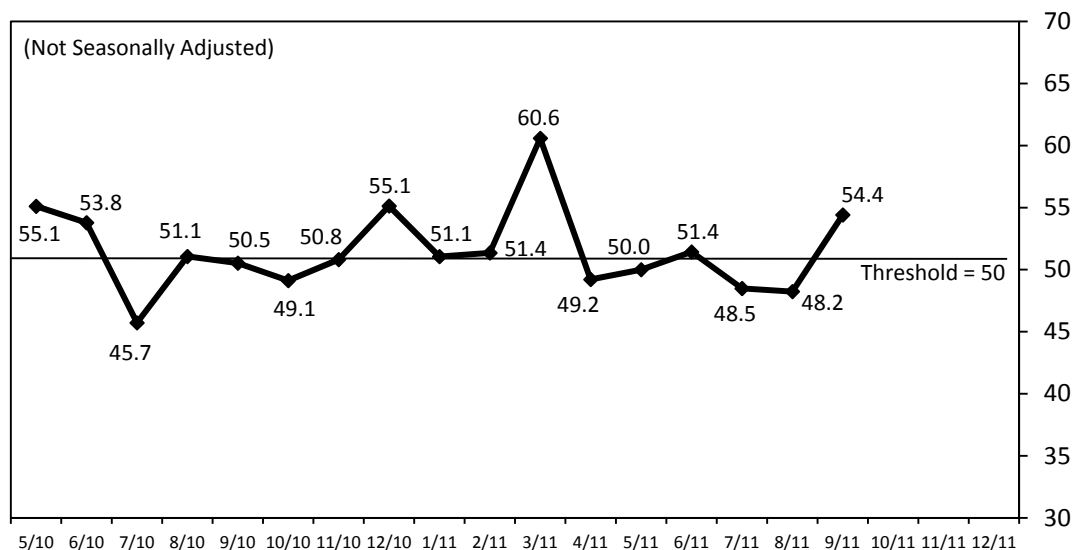
Purchasing Managers Index of Puerto Rico Manufacturing

September 2011

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PUERTO RICO MANUFACTURING PMI INCREASED TO 54.4 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) of Puerto Rico's manufacturing sector surged above the threshold to 54.4 in September, after two consecutive months below the threshold. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All five PMI sub-indexes increased from August to September, and all five PMI sub-indexes were above the threshold in September. The Suppliers Delivers PMI remained at or above the threshold for the fifth consecutive month, while the Employment PMI rose above the threshold following four consecutive months below. The PMI of Puerto Rico's manufacturing sector is currently available only on a Non-Seasonally Adjusted (NSA) basis which means that seasonal fluctuations, such as those that might occur in holiday months, can affect its performance. See next pages for details.

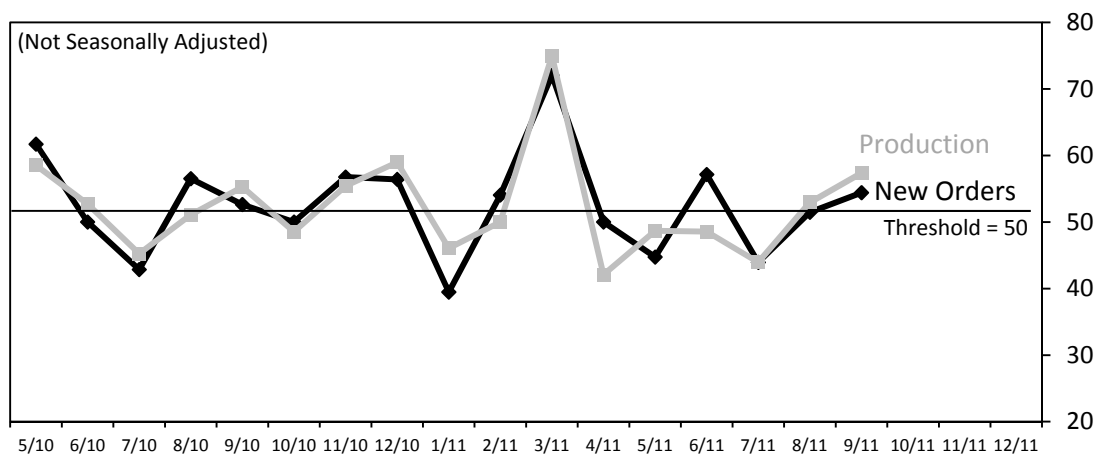


New Orders

In September, the New Orders PMI (NSA) moved further up above the threshold to 54.4. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in September were higher than in August.

Production

The Production PMI (NSA) rose further above the threshold to 57.4 in September. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was higher than in August. According to one manufacturing establishment, the increases in production have been the result of a need to reduce a backlog of pending orders.



Employment

In September, the Employment PMI (NSA) jumped up above the threshold to 51.5, following four consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was higher than in August.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) moved up to 57.4, remaining at or above the threshold for the fifth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in September was slower than in August.



Own Inventories

The Own Inventories PMI soared above the threshold to 51.5 in September. A reading above 50 indicates that inventories in manufacturing establishments in September were higher than in August. Last month, the Own Inventories PMI had dipped below the threshold following eight consecutive months above it.

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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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