

Purchasing Managers Index of Puerto Rico Manufacturing

November 2011

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<http://www.estadisticas.gobierno.pr/iepr/Estad%C3%ADsticas/Encuestas/ManufacturaPMI.aspx>

PUERTO RICO MANUFACTURING PMI EDGES DOWN TO 52.1 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 52.1 in November, but remained above the threshold for the third 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 and Production increased in November, and were above the threshold for the fourth consecutive month. The Employment, Suppliers Deliveries and Own Inventories sub-indexes were below the threshold in November. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 14 of the 19 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.

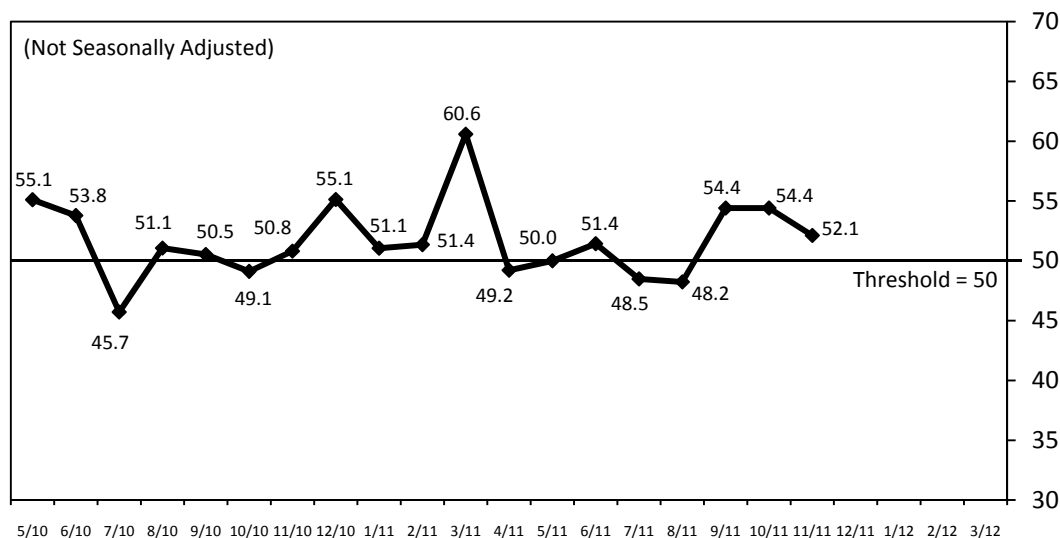


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2011

	Better	Same	Worse	PMI		
Órdenes nuevas	45.5	39.4	15.2	65.2	Higher	New orders
Producción	33.3	42.4	24.2	54.5	Higher	Production
Empleo	15.2	66.7	18.2	48.5	Lower	Employment
Entregas de suplidores	12.1	69.7	18.2	47	Faster	Supplier deliveries
Inventarios de su empresa	24.2	42.4	33.3	45.5	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				52.1	Expansion	

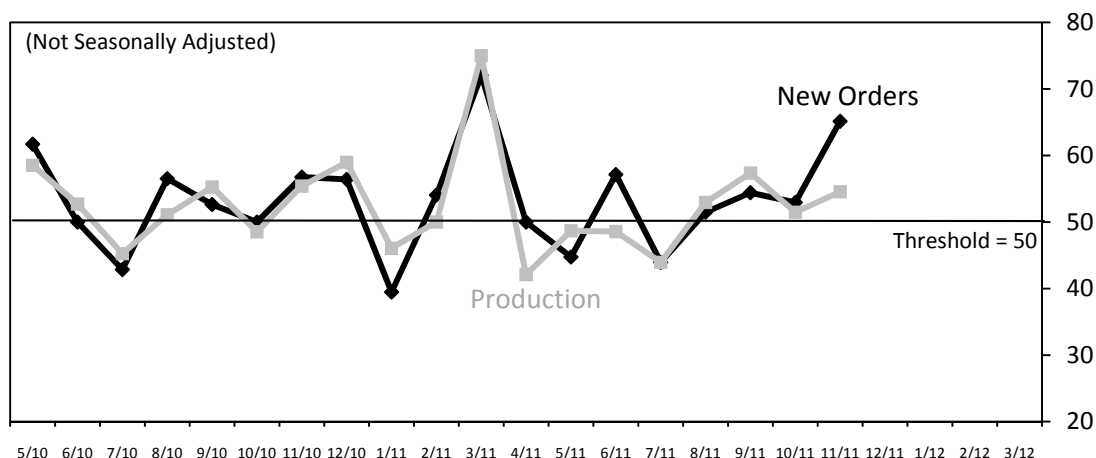
Note: Not Seasonally Adjusted (NSA)

New Orders

In November, the New Orders PMI (NSA) jumped up to 65.2, remaining above the threshold value for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in November were higher than in October.

Production

The Production PMI (NSA) increased to 54.5 in November, remaining above the threshold value for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was higher than in October.

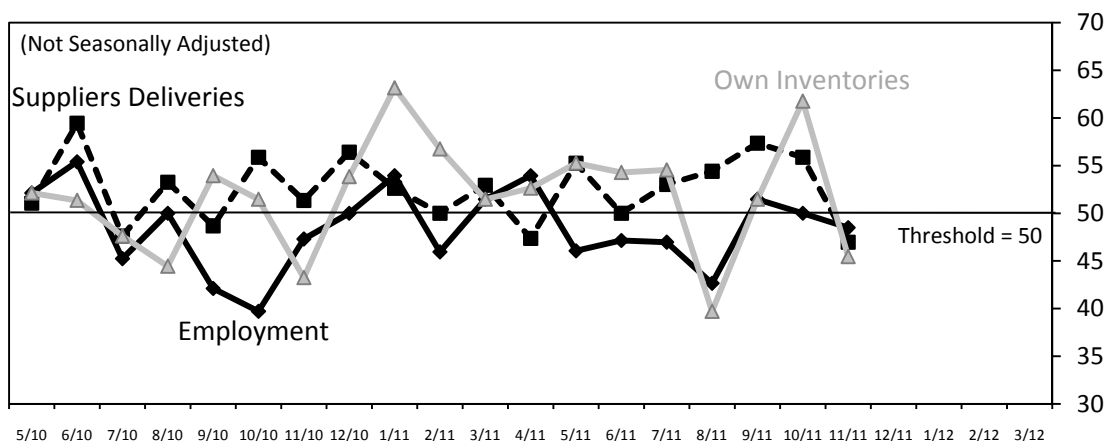


Employment

In November, the Employment PMI (NSA) moved down to the threshold of 48.5. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was lower than in October.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) fell below the threshold to 47.0, after sixth consecutive month at or above the threshold. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in November was faster than in October.



Own Inventories

The Own Inventories PMI dropped below the threshold to 45.5 in November, after two consecutive months above the threshold. A reading below 50 indicates that inventories in manufacturing establishments in November were lower than in October.

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
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