

Purchasing Managers Index of Puerto Rico Manufacturing

September 2013

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<http://www.estadisticas.gobierno.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>

PUERTO RICO MANUFACTURING PMI INCHED DOWN TO 50.9 IN SEPTEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector edged down to 50.9 in September, but still remained above the threshold level. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. In September, all of the PMI sub-indexes were at or above the threshold, with the exception of the Inventories sub-index. The New Orders sub-index and the Suppliers Deliveries sub-index rose with respect to the previous month, whereas the Production sub-index and the Inventories sub-index decreased. The Employment sub-index remained at the threshold level of 50, the same as in the previous month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 31 of the 41 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.

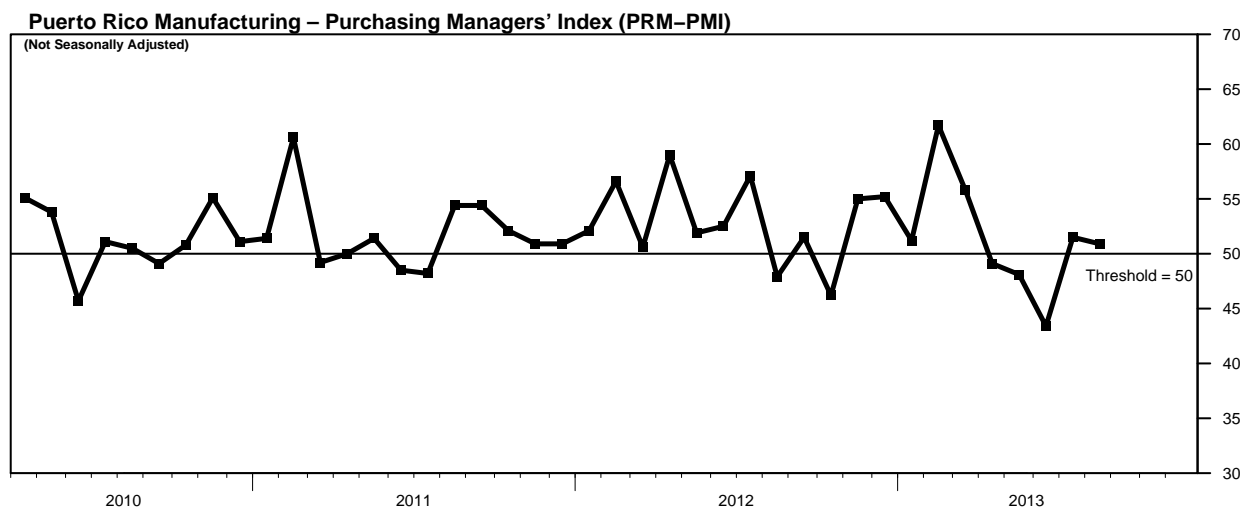


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	23.5	52.9	23.5	50	Same	New orders
Producción	23.5	52.9	23.5	50	Same	Production
Empleo	20.6	58.8	20.6	50	Same	Employment
Entregas de suplidores	20.6	76.5	2.9	58.8	Slower	Supplier deliveries
Inventarios de su empresa	20.6	50	29.4	45.6	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 50.9 Expansion

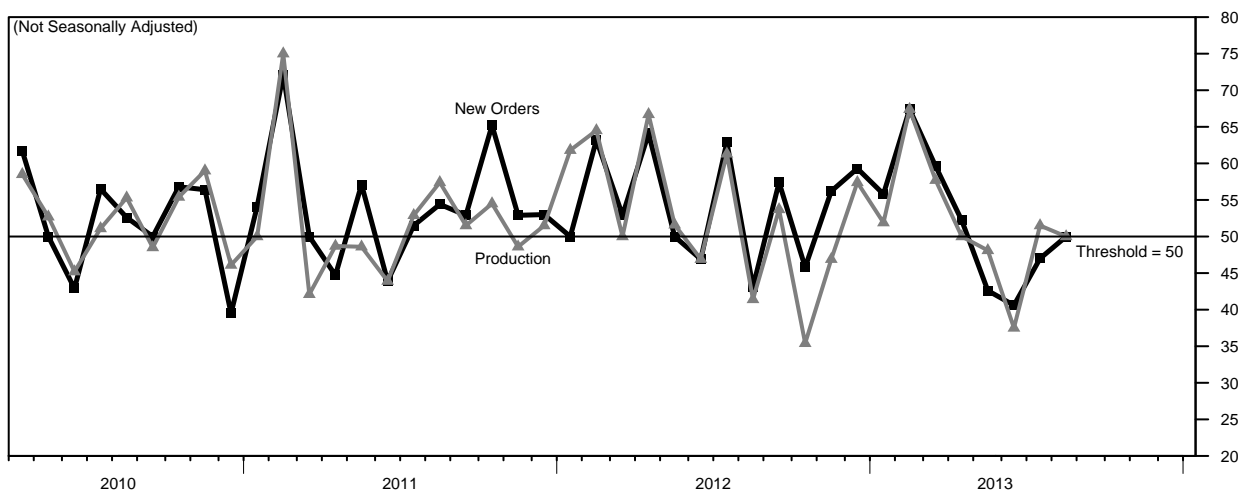
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) increased to the threshold level of 50 in September, after remaining below the threshold level for three consecutive months. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in September were the same as in August.

Production

In September, the Production PMI (NSA) declined to the threshold level of 50. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was the same as in August.

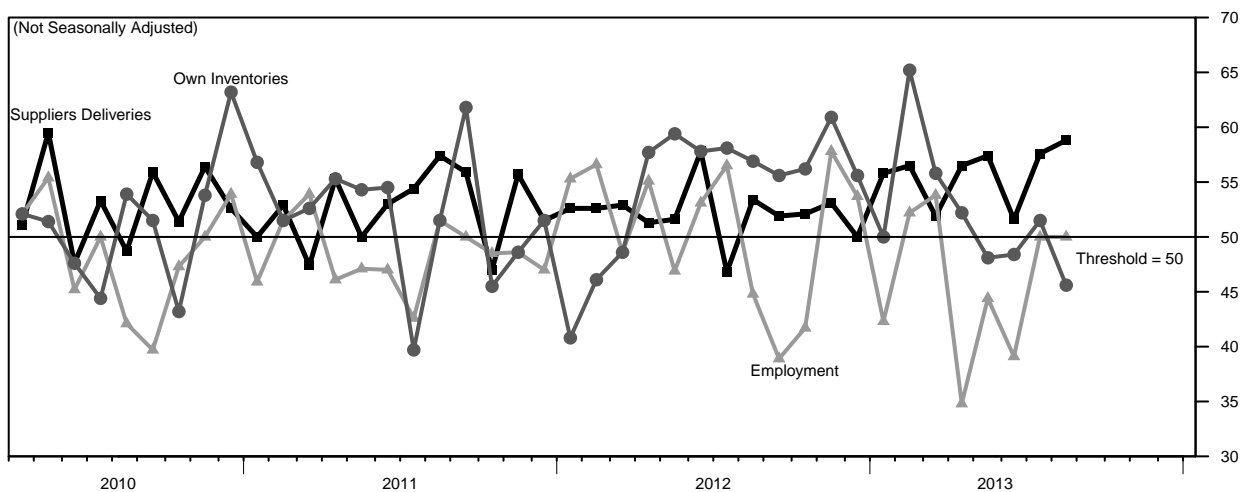


Employment

In September, the Employment PMI (NSA) remained at the threshold level of 50. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was the same as in August.

Supplier Deliveries

In August, the Supplier Deliveries PMI (NSA) edged up to 58.8, remaining at or above the threshold level for the thirteenth 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, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) fell below the threshold level to 45.6 in September. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were lower than in August.

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/Publicaciones/Encuestas/ManufacturaPMI.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 2013:

Reference month	Publication date
Nov-12	January 2, 2013
Dec-12	February 1, 2013
Jan-13	March 1, 2013
Feb-13	April 1, 2013
Mar-13	May 1, 2013
Apr-13	June 3, 2013

Reference month	Publication date
May-13	July 1, 2013
Jun-13	August 1, 2013
Jul-13	September 3, 2013
Aug-13	October 1, 2013
Sep-13	November 1, 2013
Oct-13	December 2, 2013