

Purchasing Managers Index of Puerto Rico Manufacturing

April 2016

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

PUERTO RICO MANUFACTURING PMI DECREASED TO 47.9 IN APRIL

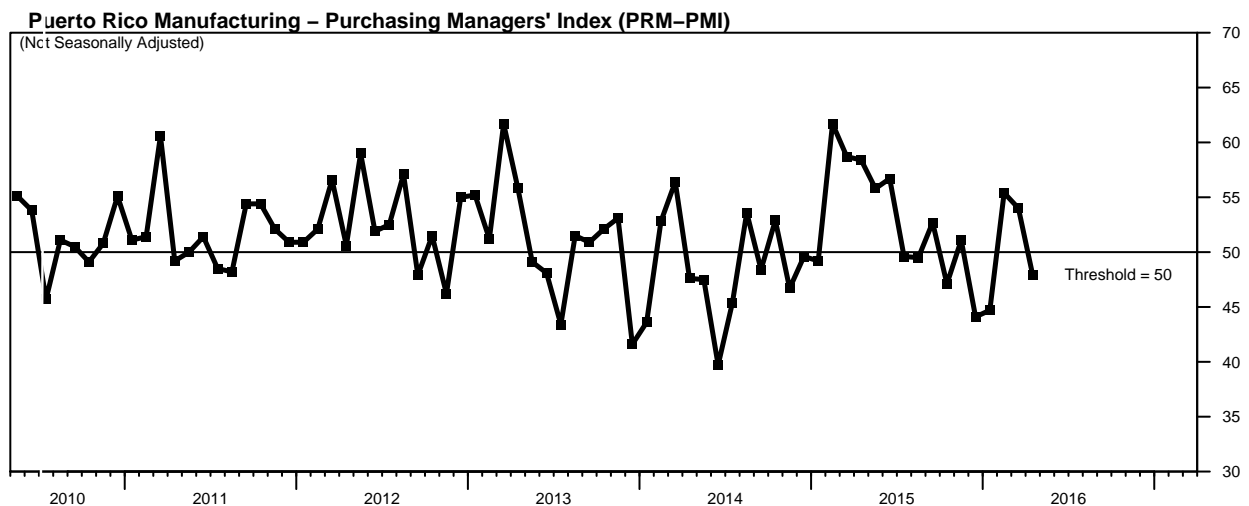
On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector declined to 47.9 in April. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes were below the threshold in April, except the Employment sub-index. The Production sub-index plunged below the threshold level to 47.1 this month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 46 of the 72 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): April 2016

| | Better | Same | Worse | PMI | | |
|---------------------------|--------|------|-------|------|--------|---------------------|
| Órdenes nuevas | 11.8 | 64.7 | 23.5 | 44.1 | Lower | New orders |
| Producción | 14.7 | 64.7 | 20.6 | 47.1 | Lower | Production |
| Empleo | 14.7 | 76.5 | 8.8 | 52.9 | Higher | Employment |
| Entregas de suplidores | 2.9 | 88.2 | 8.8 | 47.1 | Faster | Supplier deliveries |
| Inventarios de su empresa | 20.6 | 55.9 | 23.5 | 48.5 | Lower | Own inventories |

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.9 Contraction

Note: Not Seasonally Adjusted (NSA)

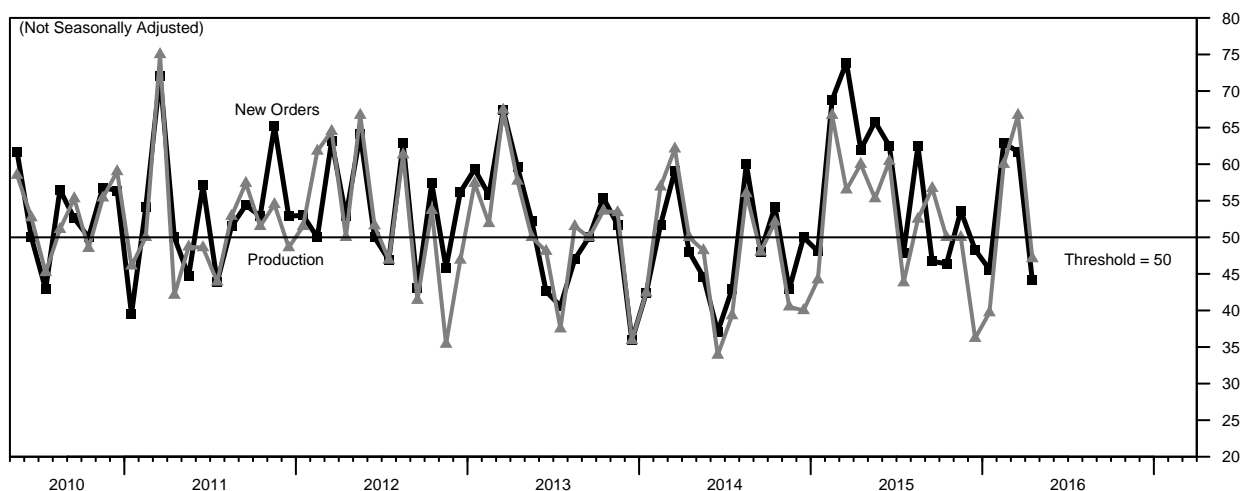


New Orders

In April, the New Orders PMI (NSA) dropped below the threshold level to 44.1, after two consecutive months above the threshold. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in April were lower than in March.

Production

The Production PMI (NSA) plummeted to 47.1 in April, after two consecutive months above the threshold. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was lower than in March.

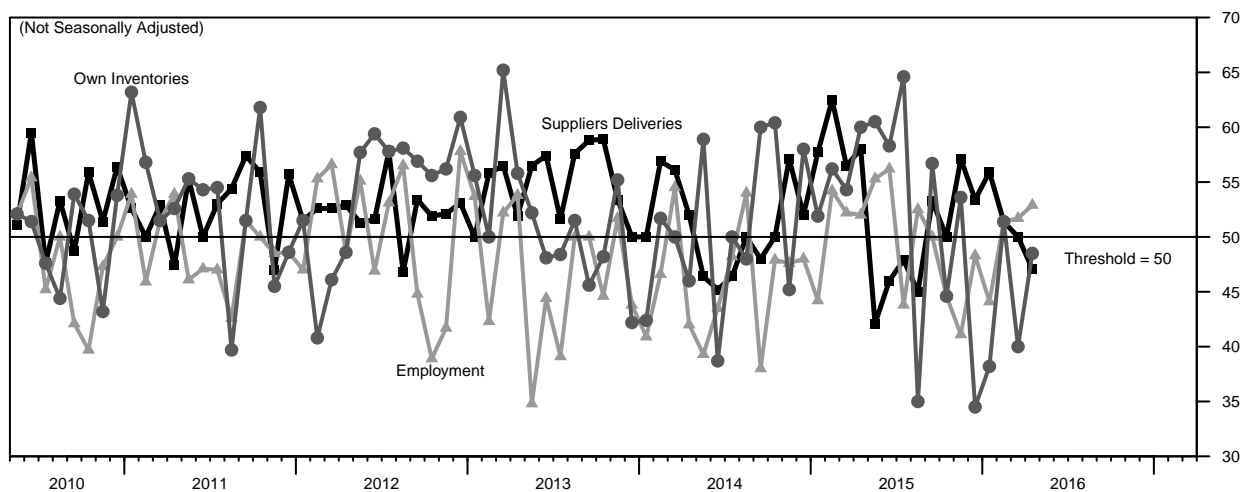


Employment

In April, the Employment PMI (NSA) inched up to 52.9, remaining above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was higher than in March.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged below the threshold level to 47.1 in April, after remaining above the threshold level for seven consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in April was faster than in March, suggesting a lower demand for intermediate goods.



Own Inventories

In April, the Own Inventories PMI (NSA) increased to 48.5, but remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were lower than in March.

Methodological note

The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) is the result of a collaborative project between the Puerto Rico Manufacturers Association 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.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 2016:

| Reference month | Publication date |
|-----------------|------------------|
| Nov-15 | January 4, 2016 |
| Dec-15 | February 1, 2016 |
| Jan-16 | March 1, 2016 |
| Feb-16 | April 1, 2016 |
| Mar-16 | May 2, 2016 |
| Apr-16 | June 1, 2016 |

| Reference month | Publication date |
|-----------------|-------------------|
| May-16 | July 1, 2016 |
| Jun-16 | August 1, 2016 |
| Jul-16 | September 1, 2016 |
| Aug-16 | October 3, 2016 |
| Sep-16 | November 1, 2016 |
| Oct-16 | December 1, 2016 |