

Purchasing Managers Index of Puerto Rico Manufacturing

April 2014

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

PUERTO RICO MANUFACTURING PMI PLUNGES TO 47.6 IN APRIL

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector dove to 47.6 in April, after remaining above the threshold level for two consecutive months. 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 decreased when compared to their March reading. Only the Production and Supplier Deliveries sub-indexes were at or above the threshold level. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 35 of the 48 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.

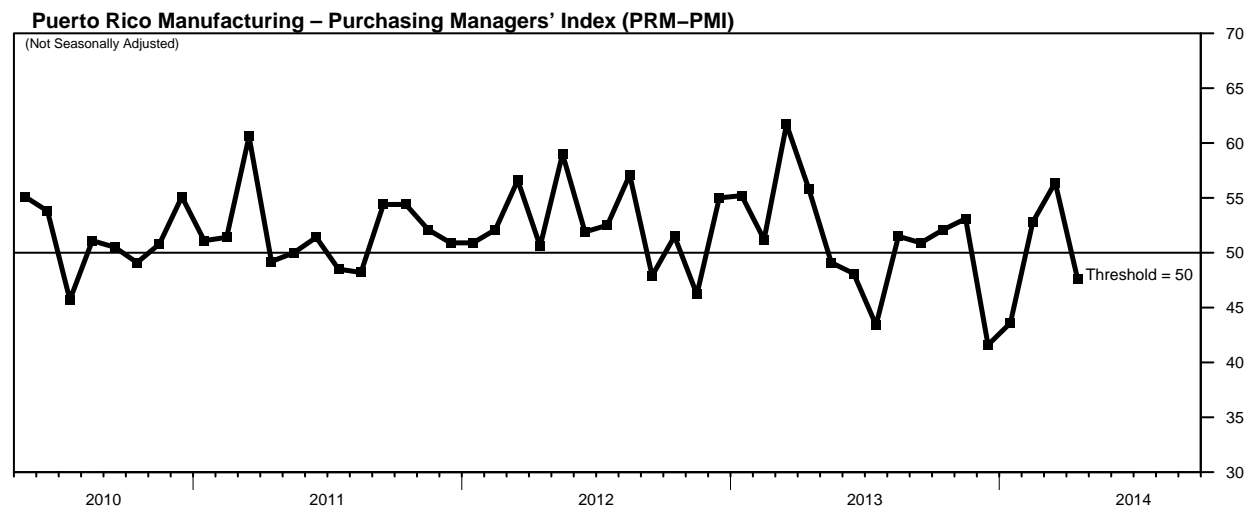


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	24	48	28	48	Lower	New orders
Producción	24	52	24	50	Same	Production
Empleo	16	52	32	42	Lower	Employment
Entregas de suplidores	16	72	12	52	Slower	Supplier deliveries
Inventarios de su empresa	20	52	28	46	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				47.6	Contraction	

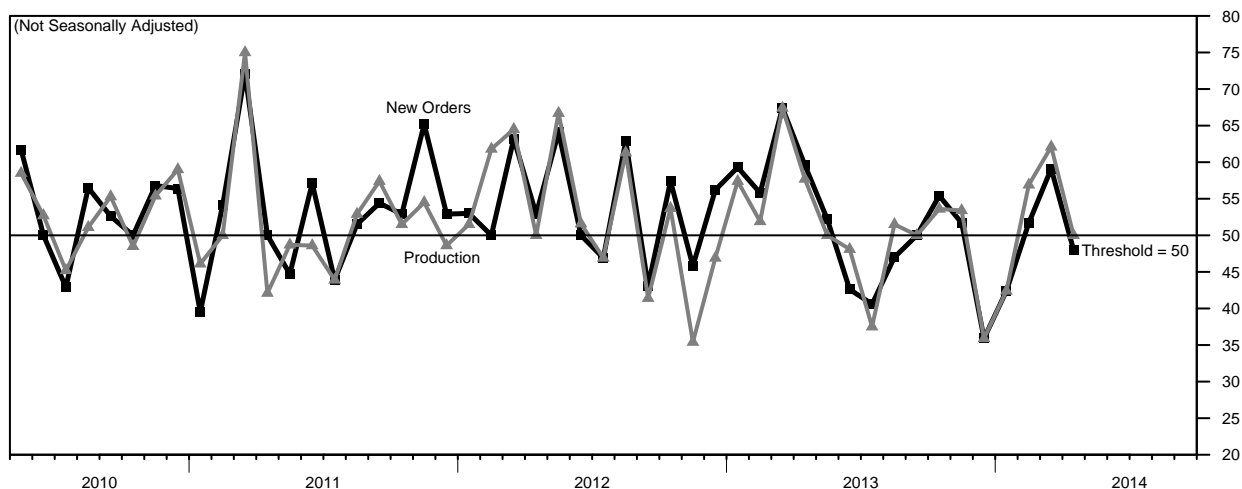
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) fell under the threshold to 48.0 in April, after remaining above it for two consecutive months. 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

In April, the Production PMI (NSA) dropped to the threshold level of 50.0 in April, following two consecutive months above it. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was the same as in March.

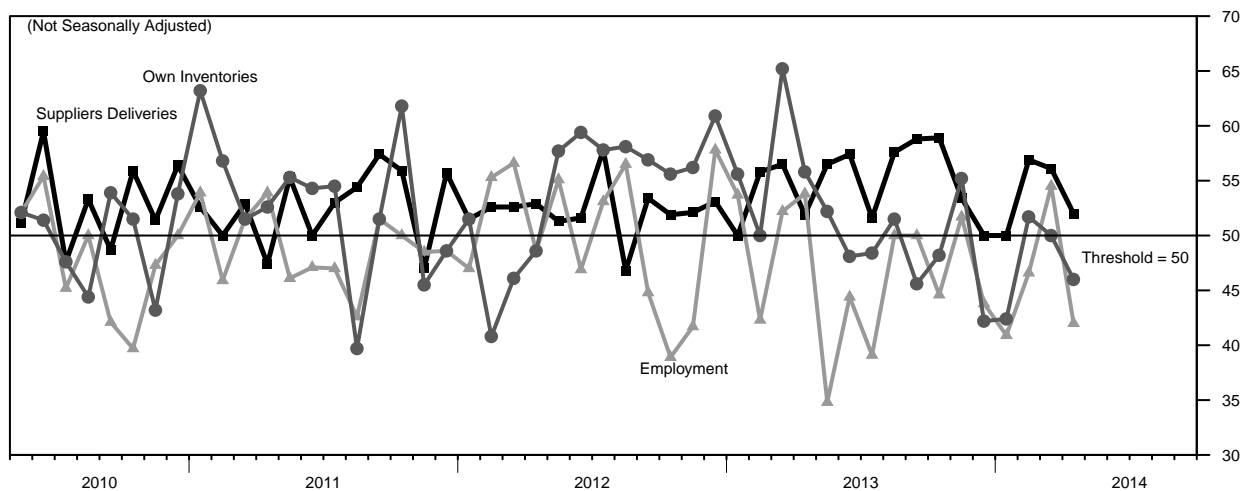


Employment

The Employment PMI (NSA) plunged under the threshold level to 42.0 in April, after one month above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was lower than in March.

Supplier Deliveries

In April, the Supplier Deliveries PMI (NSA) edged down to 52.0, but remained at or above the threshold level for the twentieth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in April was slower than in March, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) edged down below the threshold level to 46.0 in April. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were the 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, 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 2014:

Reference month	Publication date
Nov-13	January 2, 2014
Dec-13	February 3, 2014
Jan-14	March 3, 2014
Feb-14	April 1, 2014
Mar-14	May 1, 2014
Apr-14	June 2, 2014

Reference month	Publication date
May-14	July 1, 2014
Jun-14	August 1, 2014
Jul-14	September 2, 2014
Aug-14	October 1, 2014
Sep-14	November 3, 2014
Oct-14	December 1, 2014