

Purchasing Managers Index of Puerto Rico Manufacturing

February 2015

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

PUERTO RICO MANUFACTURING PMI ROSE TO 60.9 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector surged to 60.9 in February, jumping above the threshold level after remaining below for three consecutive months. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes were above the threshold level, whereas all the sub-indexes February readings were higher than in January. The Suppliers Deliveries sub-index reached its highest reading since the survey was first undertaken. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 38 of the 58 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.

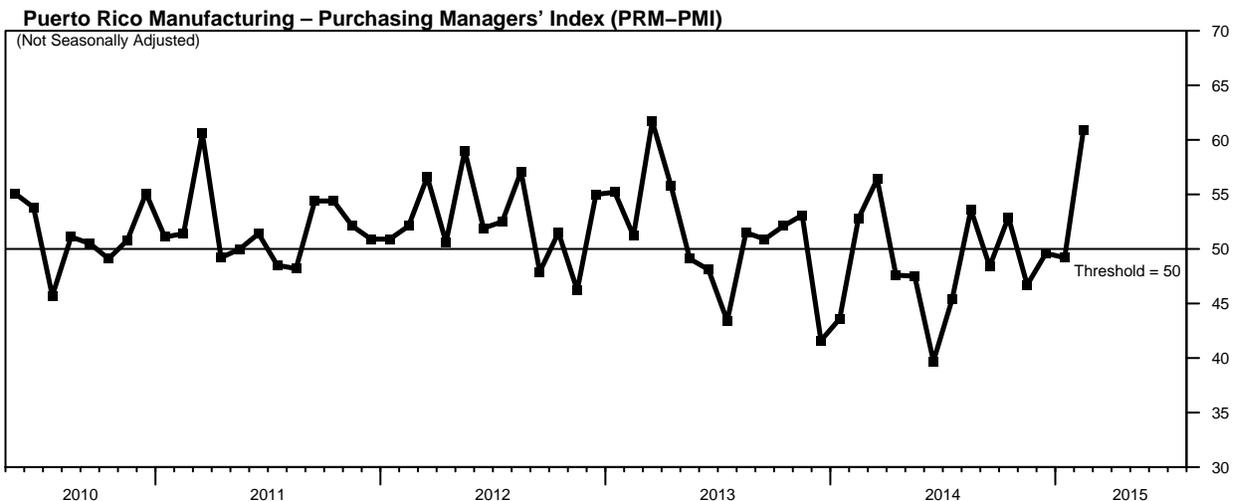


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2015

	Better	Same	Worse	PMI		
Órdenes nuevas	43.5	47.8	8.7	67.4	Higher	New orders
Producción	39.1	52.2	8.7	65.2	Higher	Production
Empleo	17.4	73.9	8.7	54.3	Higher	Employment
Entregas de suplidores	26.1	69.6	4.3	60.9	Slower	Supplier deliveries
Inventarios de su empresa	26.1	60.9	13	56.5	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 60.9 Expansion

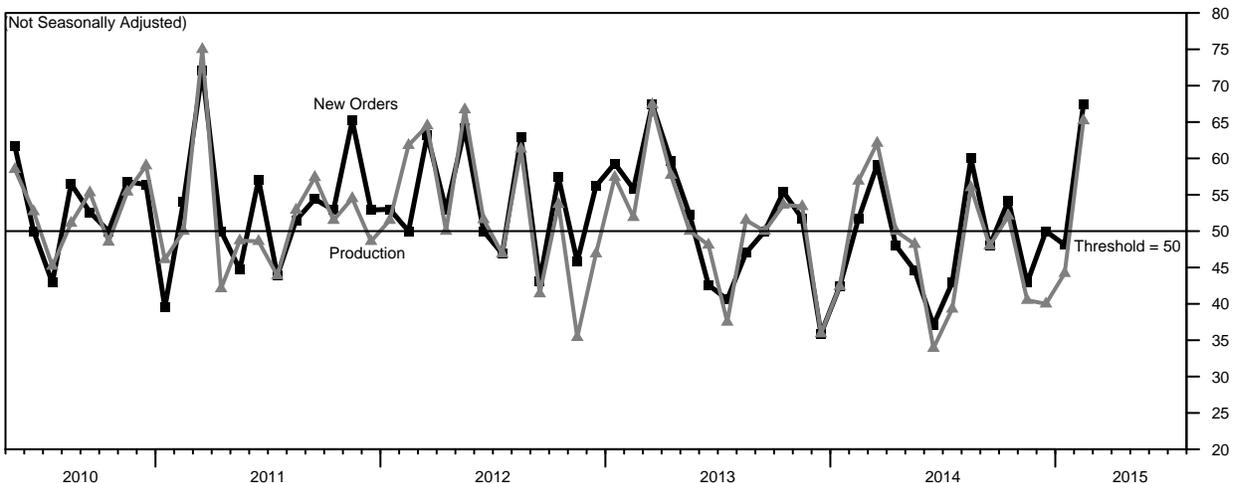
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) jumped above the threshold level to 67.4, after remaining at or below for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in February were higher than in January.

Production

The Production PMI (NSA) took off to 65.2, climbing above the threshold level in February after remaining below the threshold level for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January.

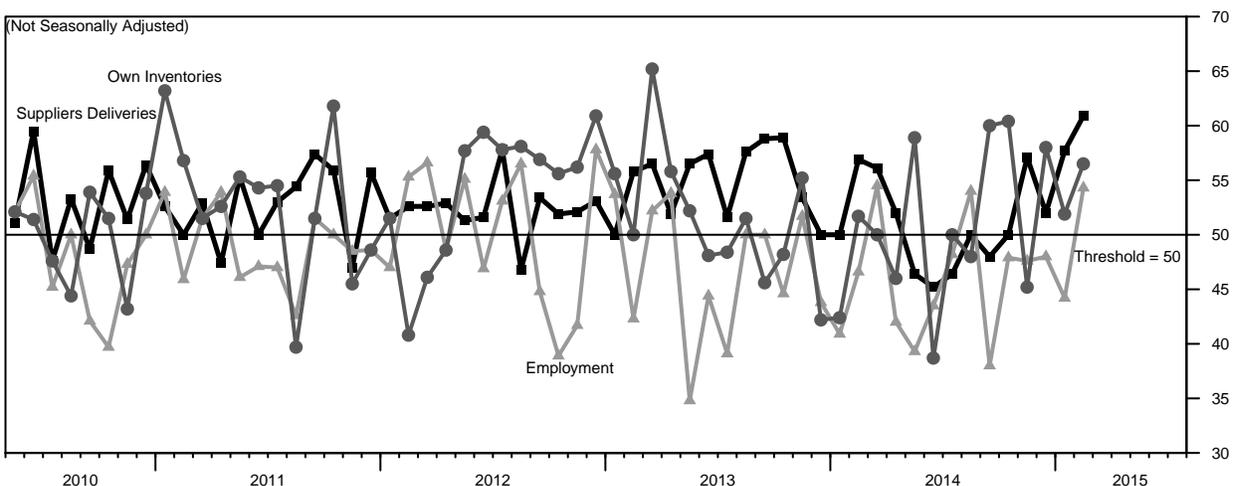


Employment

In February, the Employment PMI (NSA) increased to 54.3 in February, after remaining below the threshold level for five consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was higher than in January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) ramped up to 60.9 in February, its highest reading since the survey was first undertaken. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in February was slower than in January, suggesting a higher demand for intermediate goods.



Own Inventories

In February, the Own Inventories PMI (NSA) increased to 56.5, remaining above the threshold level for the third second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were higher than in January.

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-14	January 2, 2015
Dec-15	February 2, 2015
Jan-15	March 2, 2015
Feb-15	April 1, 2015
Mar-15	May 1, 2015
Apr-15	June 1, 2015

Reference month	Publication date
May-15	July 1, 2015
Jun-15	August 3, 2015
Jul-15	September 1, 2015
Aug-15	October 1, 2015
Sep-15	November 2, 2015
Oct-15	December 1, 2015