

Purchasing Managers Index of Puerto Rico Manufacturing

December 2014

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

PUERTO RICO MANUFACTURING PMI TICKED UP TO 49.6 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector was 49.6 in December, remaining below the threshold level for the second consecutive month. 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, except for the Production and Supplier Deliveries sub-indexes increased when compared to their November reading. The New Orders, Supplier Deliveries and Own Inventories sub-indexes were above the threshold level, whereas the Production and Employment sub-indexes were below. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 37 of the 56 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.

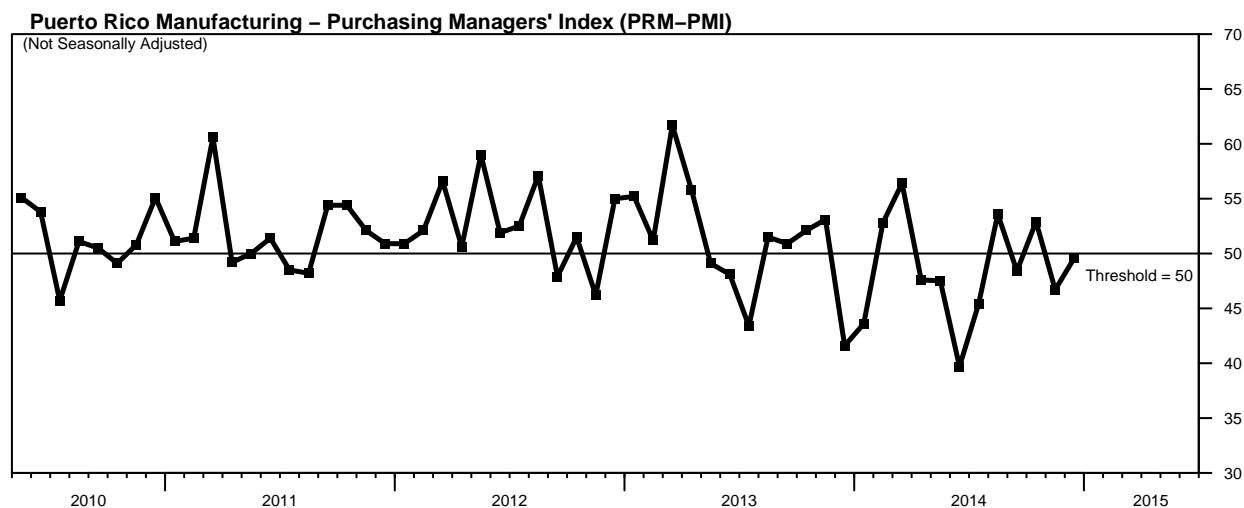


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	28	44	28	50	Same	New orders
Producción	16	48	36	40	Lower	Production
Empleo	16	64	20	48	Lower	Employment
Entregas de suplidores	8	88	4	52	Slower	Supplier deliveries
Inventarios de su empresa	32	52	16	58	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 49.6 Contraction

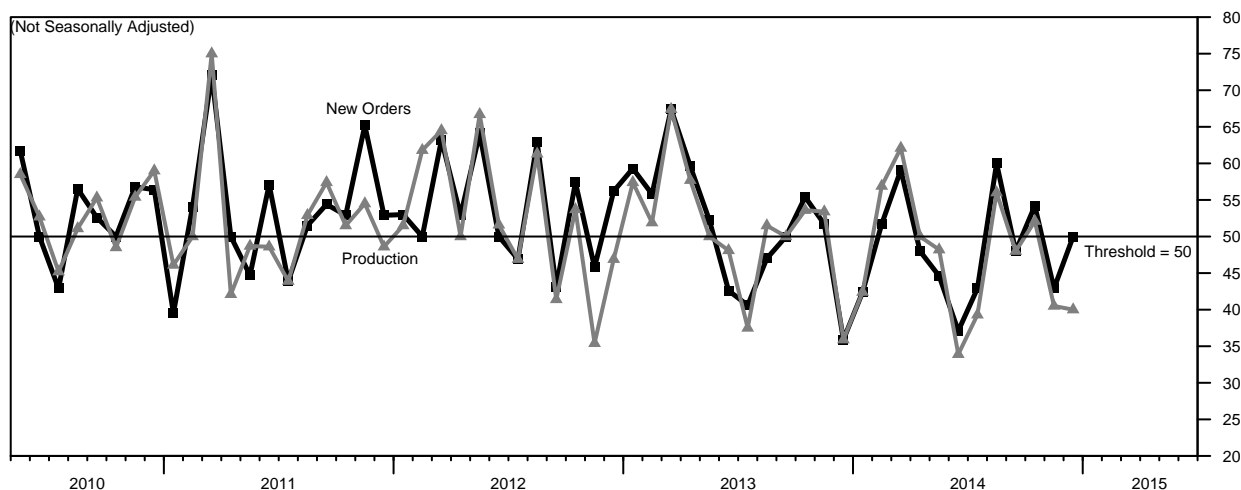
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) moved up to the threshold level of 50.0. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in December were the same as in November.

Production

The Production PMI (NSA) edged down to 40.0 in December, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

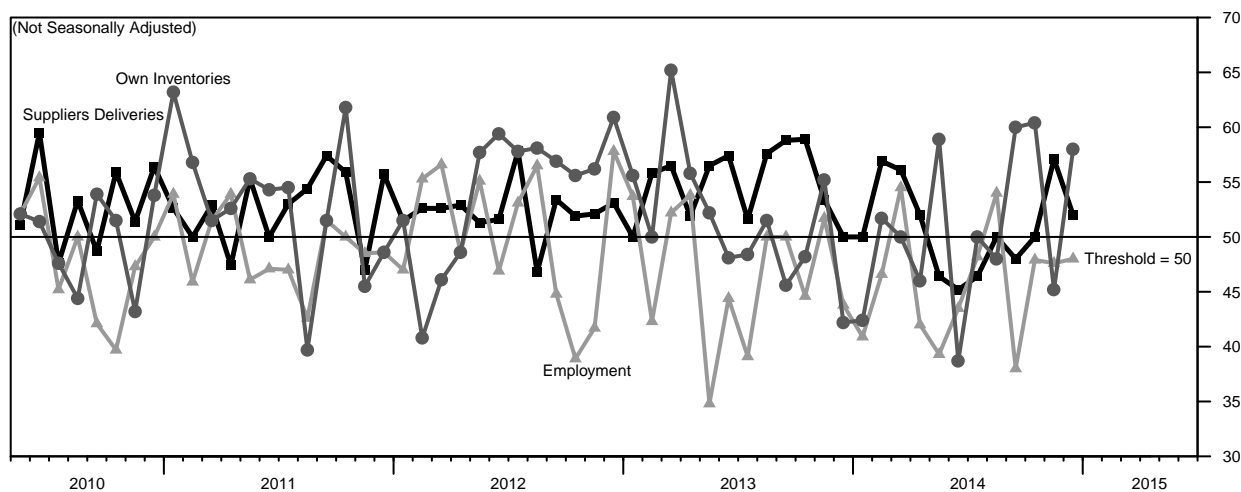


Employment

The Employment PMI (NSA) edged up to 48.0 in December, but remained below the threshold level for the fourth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was lower than in November.

Supplier Deliveries

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



Own Inventories

The Own Inventories PMI (NSA) jumped above the threshold level to 58.0 in December. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were higher than in November.

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/ManufecturaPMI.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