

Purchasing Managers Index of Puerto Rico Manufacturing

July 2016

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 45.8 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector slipped to 45.8 in July. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders, Production and Employment sub-indexes fell below the threshold level in July. The Production PMI (NSA) plummeted to 32.7, reaching its lowest point ever. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 47 of the 75 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.

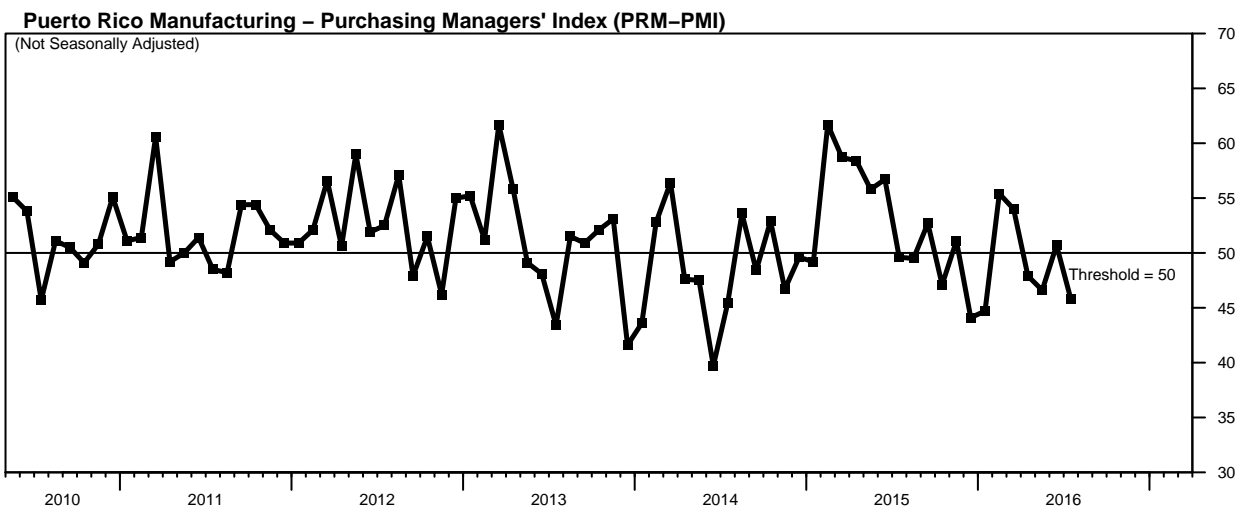


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	11.5	61.5	26.9	42.3	Lower	New orders
Producción	7.7	50	42.3	32.7	Lower	Production
Empleo	3.8	80.8	15.4	44.2	Lower	Employment
Entregas de suplidores	11.5	84.6	3.8	53.8	Slower	Supplier deliveries
Inventarios de su empresa	26.9	57.7	15.4	55.8	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 45.8 Contraction						

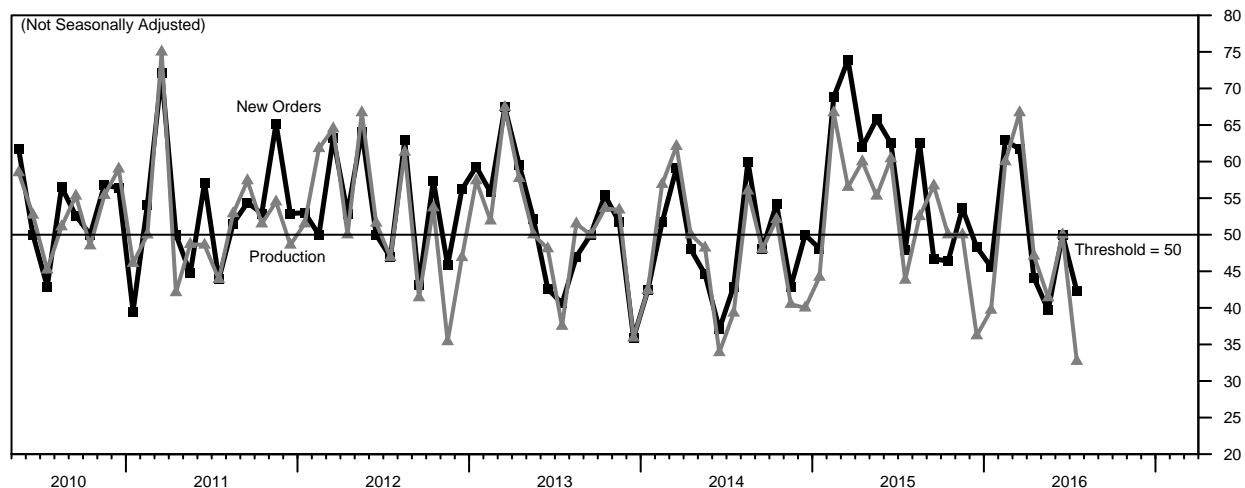
Note: Not Seasonally Adjusted (NSA)

New Orders

In July, the New Orders PMI (NSA) declined below the threshold level to 42.3. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in July were lower than in June.

Production

The Production PMI (NSA) plummeted to 32.7, falling below the threshold level to its lowest point ever. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.

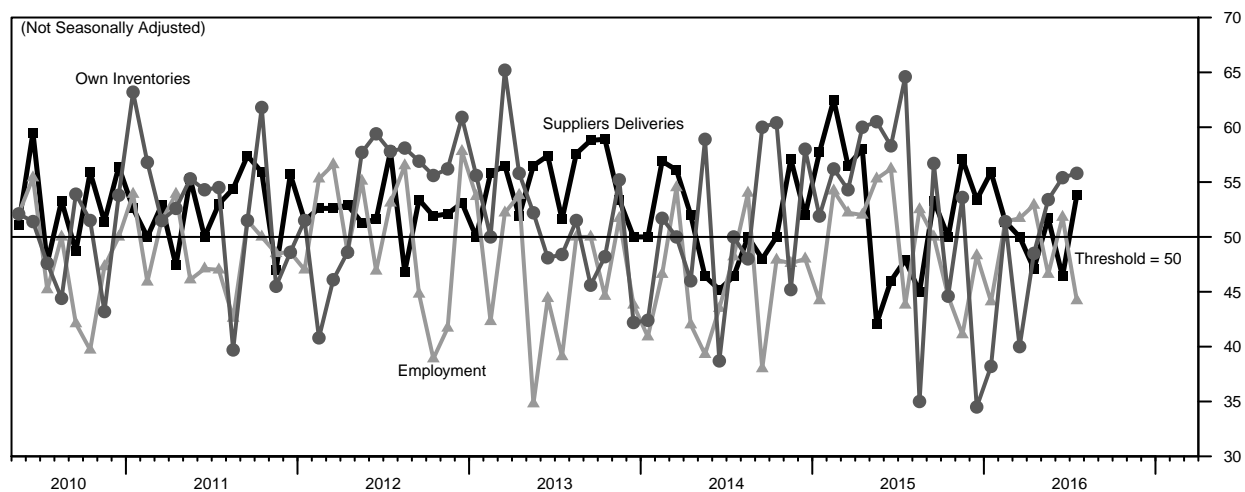


Employment

In July, the Employment PMI (NSA) moved below the threshold level to 44.2 in July. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was lower than in June.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) jumped over the threshold level to 53.8 in July. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in July was slower than in June, suggesting a higher demand for intermediate goods.



Own Inventories

In July, the Own Inventories PMI (NSA) ticked up to 55.8, remaining above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher than in June.

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/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 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