

Purchasing Managers Index of Puerto Rico Manufacturing

October 2015

Transmission of material in this release is embargoed

until 10:00 a.m. (AST) Tuesday, December 1, 2015

(787) 993-3336 • preguntas@estadisticas.pr.gov

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 47.1 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased below the threshold level to 47.1 in October. 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 declined from their level in September. The Production and Suppliers sub-indexes slid to the threshold value of 50, while the remaining sub-indexes were all below the threshold. The Own Inventories sub-index dropped below the threshold to 44.6. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 43 of the 66 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.

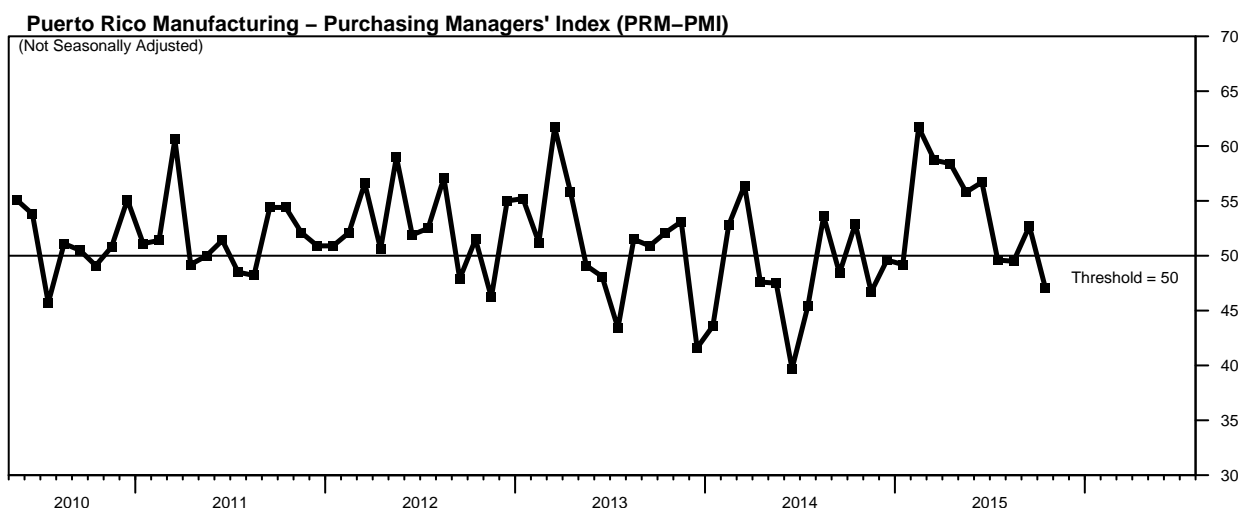


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): October 2015

	Better	Same	Worse	PMI		
Órdenes nuevas	25	42.9	32.1	46.4	Lower	New orders
Producción	32.1	35.7	32.1	50	Same	Production
Empleo	14.3	60.7	25	44.6	Lower	Employment
Entregas de suplidores	14.3	71.4	14.3	50	Same	Supplier deliveries
Inventarios de su empresa	25	39.3	35.7	44.6	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.1 Contraction

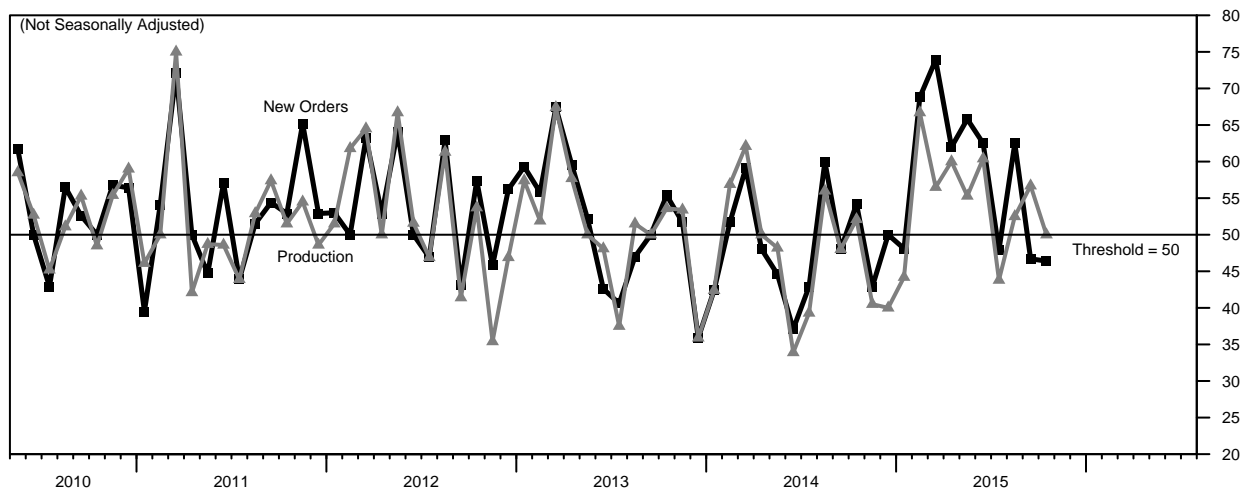
Note: Not Seasonally Adjusted (NSA)

New Orders

In October, the New Orders PMI (NSA) ticked down to 46.4, remaining below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were lower than in September.

Production

The Production PMI (NSA) fell to the threshold level of 50.0 in October, remaining at or above the threshold level for the third consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was the same as in September.

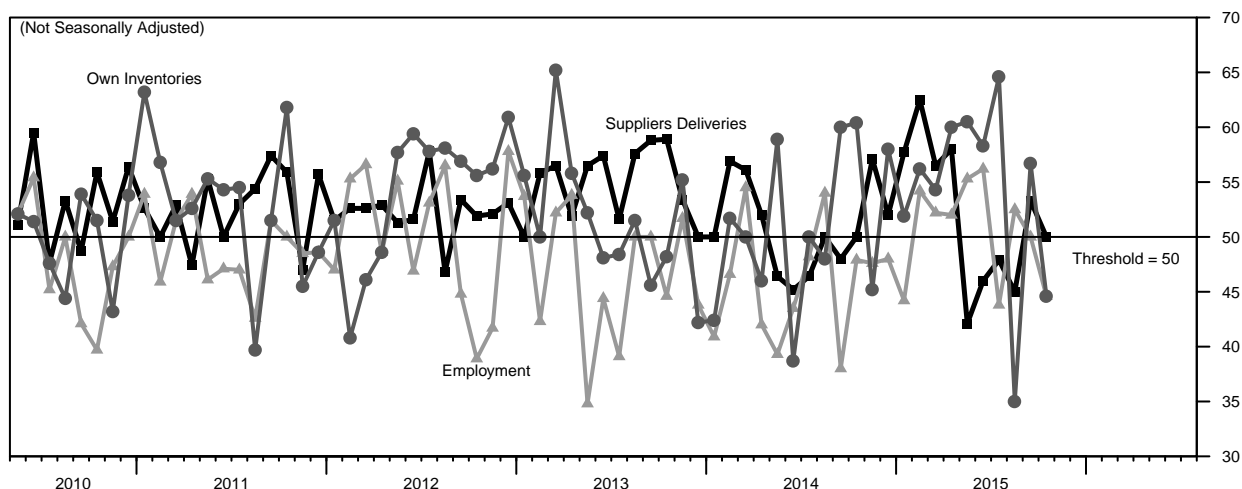


Employment

In October, the Employment PMI (NSA) declined below the threshold level to 44.6, after two consecutive months above it. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was lower than in September.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to the threshold level of 50.0 in October, but remained at or above the threshold level for the second consecutive month. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in October was the same as in September, suggesting no change in the demand for intermediate goods.



Own Inventories

In October, the Own Inventories PMI (NSA) dropped below the threshold level to 44.6. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October were lower than in September.

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.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.

This report was prepared by the staff of the Puerto Rico Institute of Statistics and has not been evaluated by the Board of Directors of the Puerto Rico Institute of Statistics. The information contained in this report need not reflect the official opinion of the Board of Directors of the Puerto Rico Institute of Statistics. No warranty, express or implied, is attached to these figures. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Contact information

Contact person: Mario Marazzi-Santiago, PhD, Executive Director
Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919
Telephones: Direct – (787) 993-3337; Fax – (787) 993-3346; E-mail – mario.marazzi@estadisticas.pr.gov.

To obtain a copy of this report

(1) visit <http://www.estadisticas.gobierno.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>, (2) email your request to preguntas@estadisticas.pr.gov, (3) call (787) 993-3336, (4) fax your request to (787) 993-3346, (5) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (6) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

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 2015:

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