

# Purchasing Managers Index of Puerto Rico Manufacturing

## June 2011

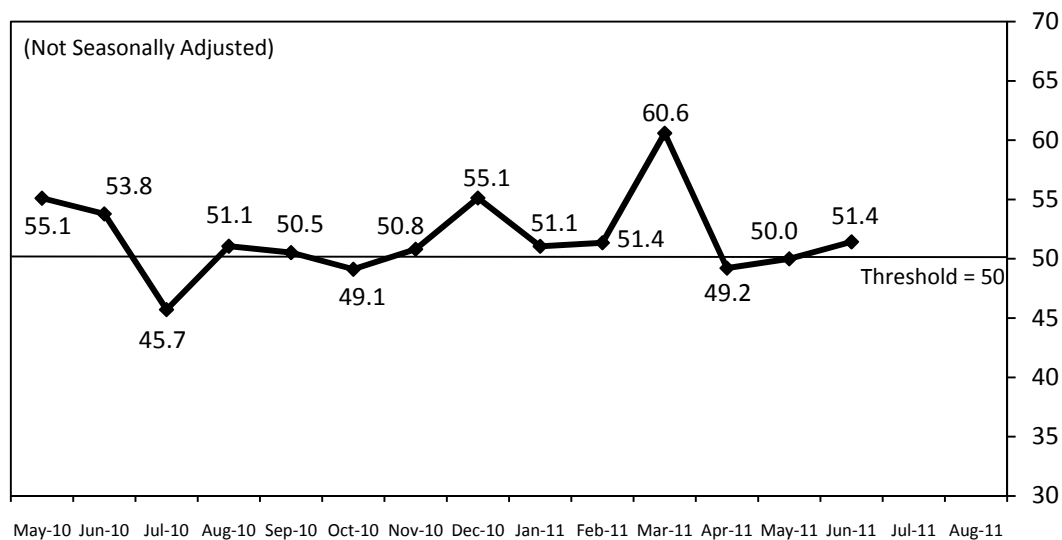
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<http://www.estadisticas.gobierno.pr/iepr/Encuestas/Manufactura.aspx>

### PURCHASING MANAGERS INDEX FOR MANUFACTURING ROSE TO 51.4 IN JUNE

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index of Puerto Rico's manufacturing sector increased above the threshold to 51.4 in June. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. The increase owes largely to a jump up above the 50-mark in the New Orders PMI and a smaller increase in the Employment PMI. The remaining sub-indexes edged down, with the Production PMI remaining under the threshold for the third consecutive month, and the Inventories PMI remaining above the threshold for the seventh consecutive month. According to one manufacturing establishment, a previous build-up in inventories has begun to unwind but this has yet to translate into increased production in their operations.



**Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): June 2011**

	Better	Same	Worse	PMI		
Órdenes nuevas	40	34.3	25.7	57.1	Higher	New orders
Producción	34.3	28.6	37.1	48.6	Lower	Production
Empleo	11.4	71.4	17.1	47.1	Lower	Employment
Entregas de suplidores	14.3	71.4	14.3	50	Same	Supplier deliveries
Inventarios de su empresa	34.3	40	25.7	54.3	Higher	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>51.4</b>	<b>Expansion</b>	

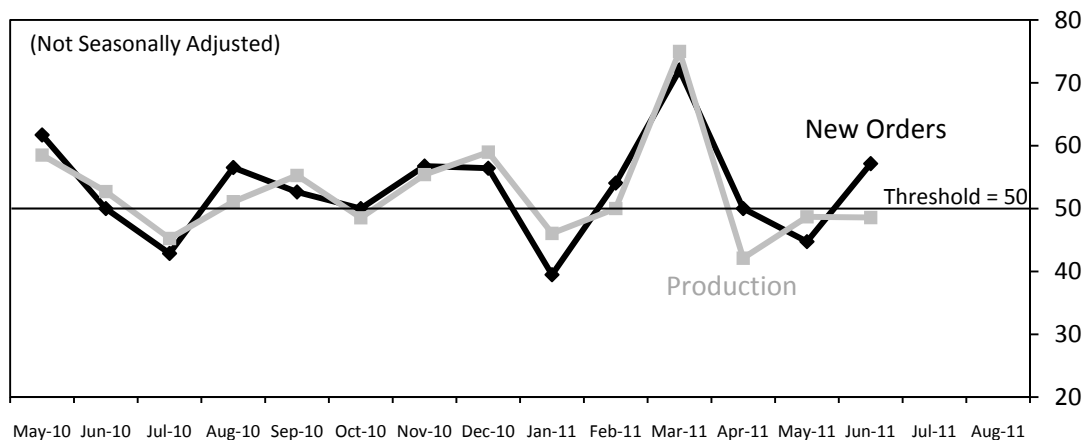
Note: Not Seasonally Adjusted (NSA)

## New Orders

In June, the New Orders PMI (NSA) climbed above the threshold to 57.1. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in June were higher than in May. According to one manufacturing establishment, incremental orders from a Caribbean sister plant explained the increase.

## Production

The Production PMI (NSA) ticked down to 48.6 in June, remaining below the threshold value for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in June was lower than in May.

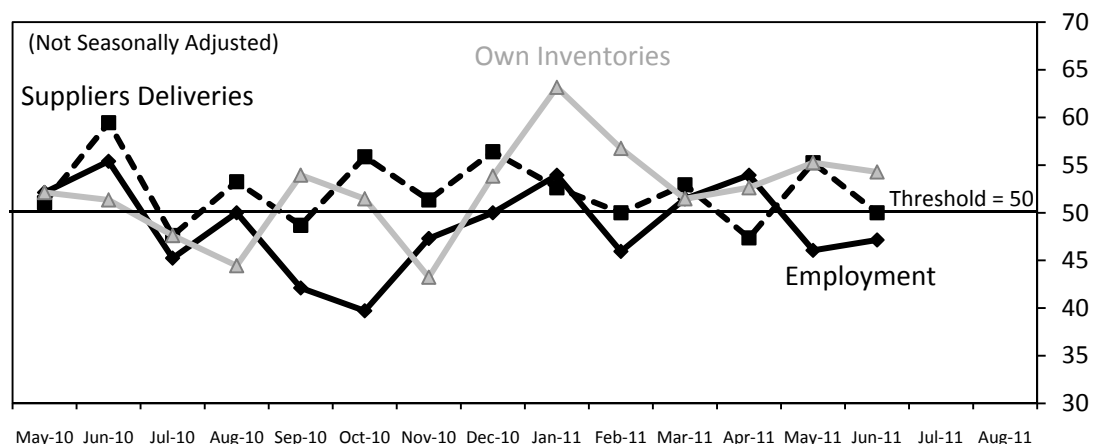


## Employment

In June, the Employment PMI (NSA) edged up to 47.1, but remained below the threshold for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in June was lower than in May.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) declined to the threshold value of 50.0. A reading of 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in June was the same as in May.



## Own Inventories

The Own Inventories PMI edged down to 54.3 in June, but remained above the threshold for the seventh consecutive month. A reading above 50 indicates that inventories in manufacturing establishments were higher in June with respect to May.

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### 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/Encuestas/Manufactura.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:

Reference month	Publication date
Jan 2011	May 1, 2011
Feb 2011	May 1, 2011
Mar 2011	June 2, 2011
Apr 2011	June 1, 2011
June 2011	July 1, 2011
Jun 2011	August 1, 2011

Reference month	Publication date
Jul 2011	September 1, 2011
Aug 2011	October 3, 2011
Sep 2011	November 1, 2011
Oct 2011	December 1, 2011
Nov 2011	January 2, 2012
Dec 2011	February 1, 2012