

Purchasing Managers Index of Puerto Rico Manufacturing

December 2013

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

PUERTO RICO MANUFACTURING PMI DROPPED TO 42.1 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector plunged below the threshold to 42.1 in December, after four consecutive months above the threshold. The December figure was the lowest since the PRM-PMI survey began in May 2010. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders, Employment, Own Inventories, and Production sub-indexes were below the threshold level, whereas the Supplier Deliveries sub-index was above. All the sub-indexes decreased with respect to the previous month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 33 of the 44 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.

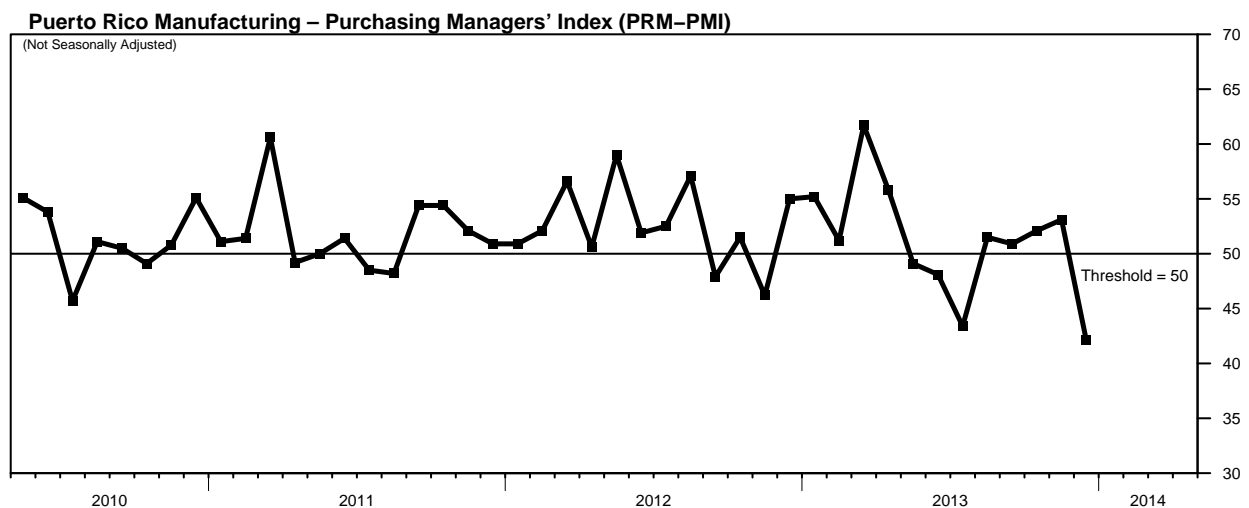


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	20.7	34.5	44.8	37.9	Lower	New orders
Producción	17.2	37.9	44.8	36.2	Lower	Production
Empleo	3.4	79.3	17.2	43.1	Lower	Employment
Entregas de suplidores	13.8	75.9	10.3	51.7	Slower	Supplier deliveries
Inventarios de su empresa	13.8	55.2	31	41.4	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 42.1 Contraction

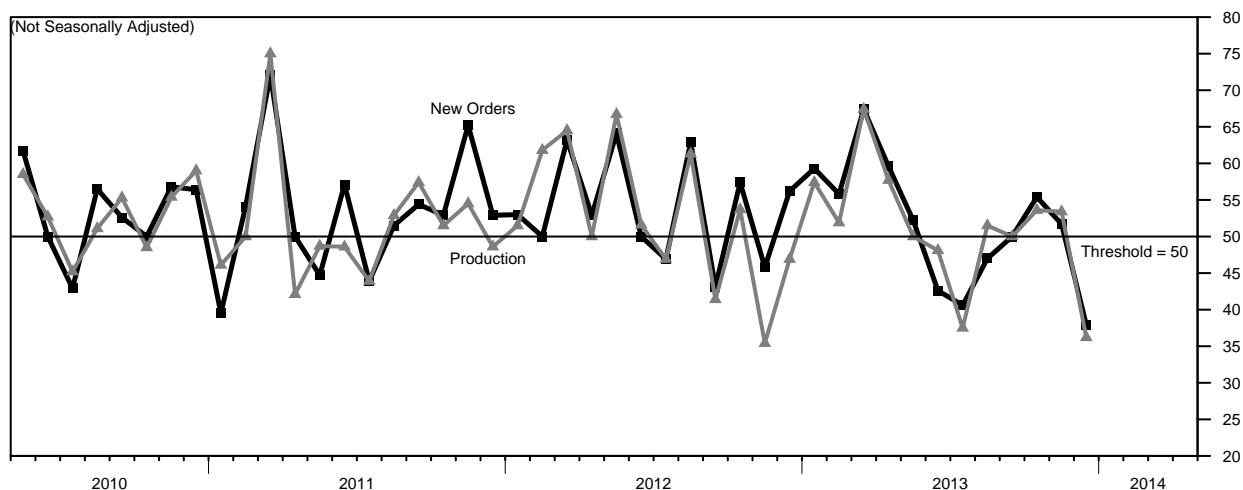
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) edged down below the threshold level to 37.9 in December, its lowest level to date, after three months above. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in December were lower than in November.

Production

In December, the Production PMI (NSA) decreased below the threshold level to 36.2, after four months above. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

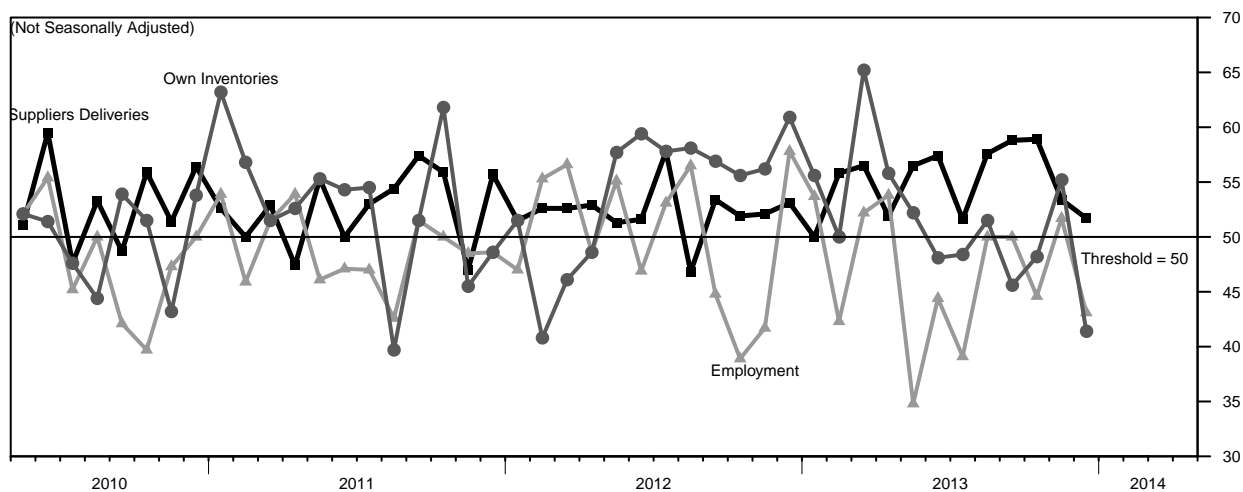


Employment

The Employment PMI (NSA) decreased below the threshold level to 43.1 in December, after one month above. 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) edged down to 51.7, but remained at or above the threshold level for sixteenth 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) decreased below the threshold level to 41.4 in December, after one month above. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were lower 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/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 2013:

Reference month	Publication date
Nov-13	January 2, 2014
Dec-13	February 3, 2014
Jan-14	March 3, 2014
Feb-14	April 1, 2014
Mar-14	May 1, 2014
Apr-14	June 2, 2014

Reference month	Publication date
May-14	July 1, 2014
Jun-14	August 1, 2014
Jul-14	September 2, 2014
Aug-14	October 1, 2014
Sep-14	November 3, 2014
Oct-14	December 1, 2014