

Purchasing Managers Index of Puerto Rico Manufacturing

January 2014

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until 10:00 a.m. (AST) Monday, March 3, 2014

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

PUERTO RICO MANUFACTURING PMI EDGED UP TO 43.6 IN JANUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 43.6 in January, but remained below the threshold 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 were at or below the threshold level of 50 in January. One manufacturer indicated that weather conditions in the United States slowed the delivery of materials needed for production. At the same time, all of the sub-indexes increased or stayed the same, except the Employment sub-index which decreased. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 33 of the 45 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.

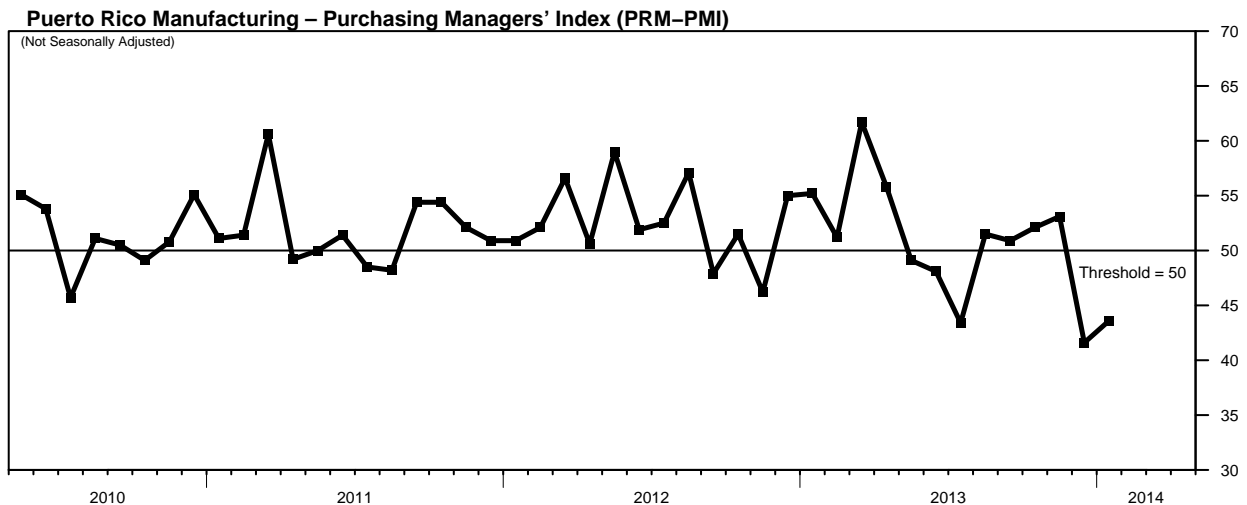


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	21.2	42.4	36.4	42.4	Lower	New orders
Producción	24.2	36.4	39.4	42.4	Lower	Production
Empleo	12.1	57.6	30.3	40.9	Lower	Employment
Entregas de suplidores	12.1	75.8	12.1	50	Same	Supplier deliveries
Inventarios de su empresa	24.2	36.4	39.4	42.4	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 43.6 Contraction

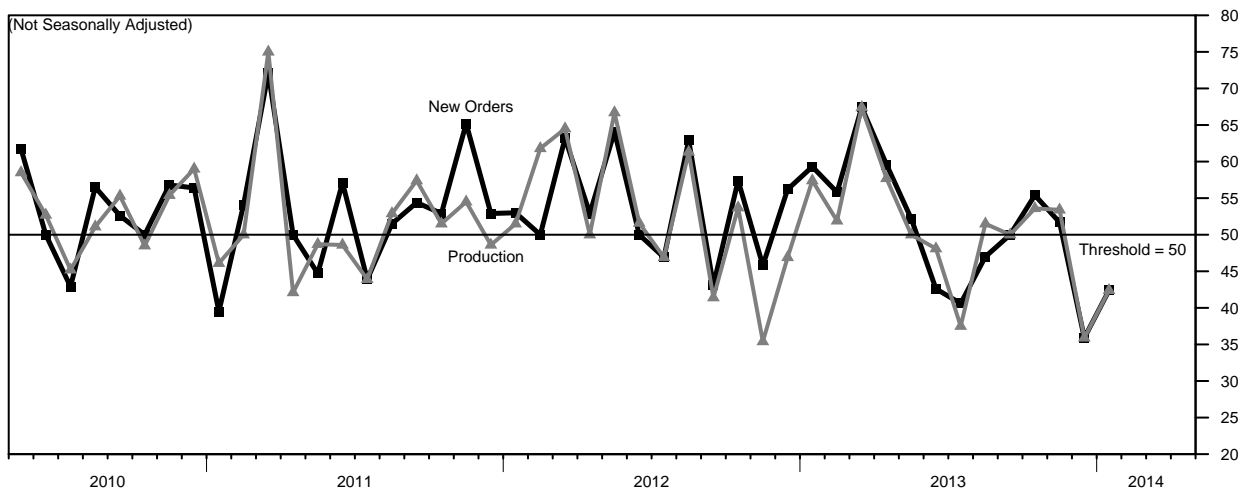
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) edged up to 42.4 in January, but remained 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 January were lower than in December.

Production

In January, the Production PMI (NSA) also rose to 42.4 in January, but remained 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 January was lower than in December.

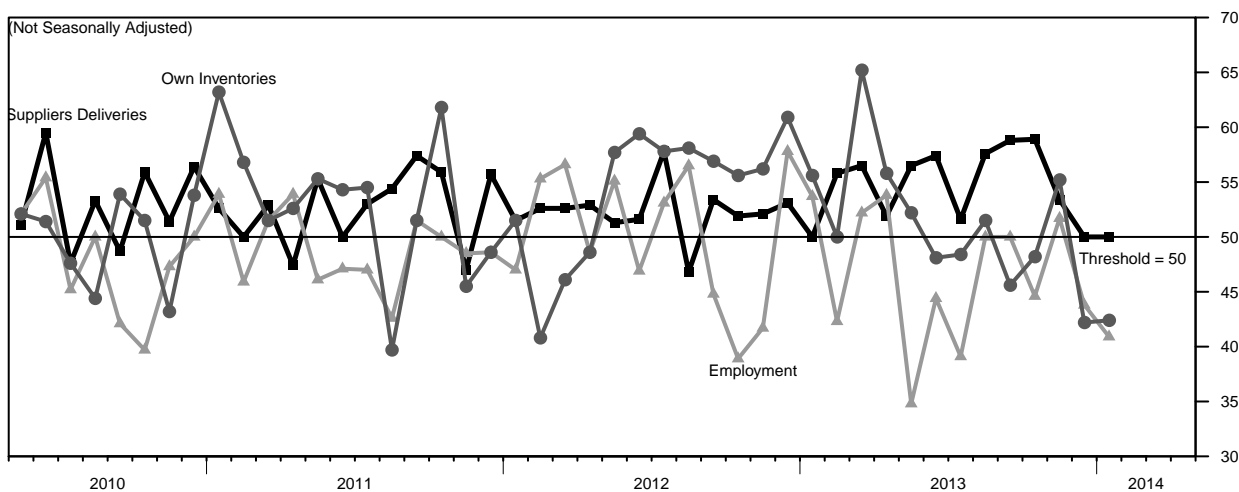


Employment

The Employment PMI (NSA) edged down to 40.9 in January, and remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was lower than in December.

Supplier Deliveries

In January, the Supplier Deliveries PMI (NSA) remained at the 50.0 threshold level. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in January was the same as in December, suggesting there was no change in the demand for intermediate goods from the previous month.



Own Inventories

The Own Inventories PMI (NSA) inched up to 42.4 in January, but remained below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were lower than in December.

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 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