

Purchasing Managers Index on Puerto Rico Manufacturing

February 2011

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

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PUERTO RICO MANUFACTURING PMI EDGES UP TO 51.4 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) inched up to 51.4 in February, remaining above the threshold for the fourth consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. Although three of the PMI sub-indexes decreased in February, four remained at or above the threshold. The PRM-PMI is currently available only on a Non-Seasonally Adjusted (NSA) basis which means that seasonal fluctuations, such as those that might occur in holiday months, can affect its performance. Once sufficient data is available, a seasonally adjusted version of the PRM-PMI will be prepared. See next pages for details.

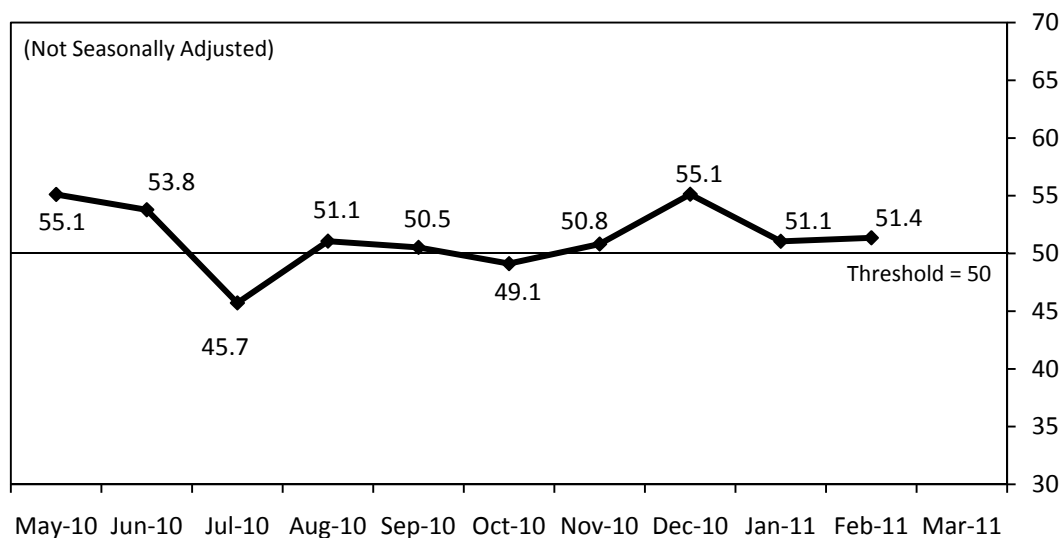


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2011

	Better	Same	Worse	PMI		
Órdenes nuevas	24.3	59.5	16.2	54.1	Higher	New orders
Producción	27	45.9	27	50	Same	Production
Empleo	8.1	75.7	16.2	45.9	Lower	Employment
Entregas de suplidores	10.8	78.4	10.8	50	Same	Supplier deliveries
Inventarios de su empresa	40.5	32.4	27	56.8	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 51.4 Expansion

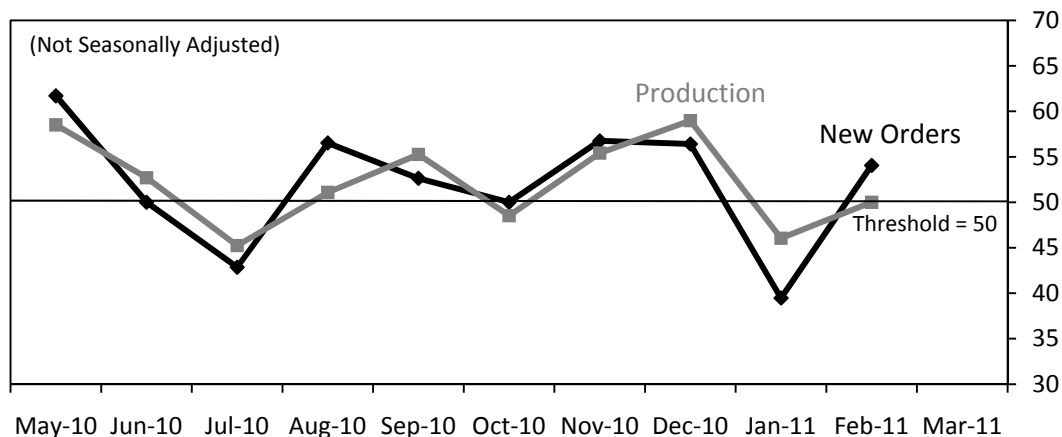
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) jumped up above the threshold to 54.1. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments increased in February with respect to January.

Production

The Production PMI (NSA) rose to the threshold of 50.0 in February. A reading of 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was the same as in January.

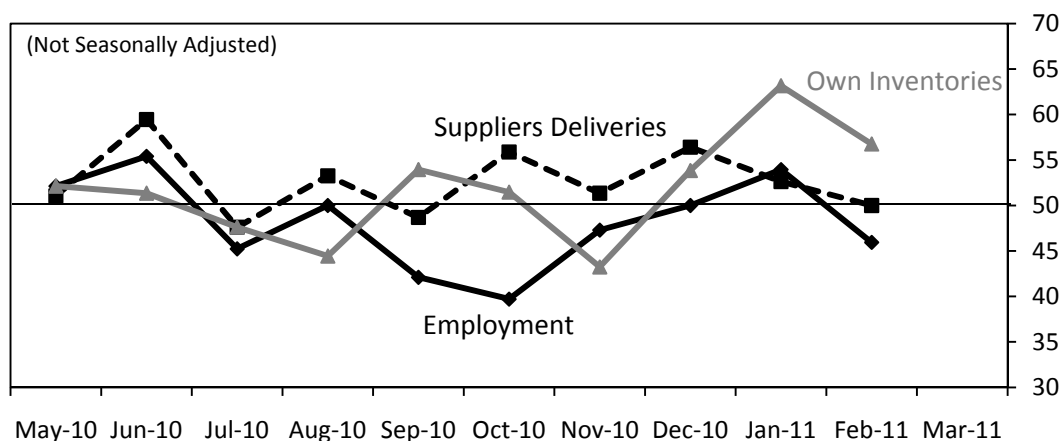


Employment

In February, the Employment PMI (NSA) fell below the threshold to 45.9. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was lower than in January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to the threshold of 50. A reading of 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries was the same in February with respect to January.



Own Inventories

The Own Inventories PMI edged down to 56.8, remaining above the threshold, in February. A reading above 50 indicates that inventories in manufacturing establishments were higher in February than in January. According to one manufacturing establishment, inventories are being built in preparation for the transfer of production to another plant.

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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Contact information

Contact person: Mario Marazzi-Santiago, Ph.D., 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) 993-3336; Fax – (787) 993-3346; E-mail – preguntas@estadisticas.gobierno.pr

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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	March 1, 2011
Feb 2011	April 1, 2011
Mar 2011	May 2, 2011
Apr 2011	June 1, 2011
May 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