

Purchasing Managers Index of Puerto Rico Manufacturing

January 2018

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<https://estadisticas.pr/encuestas/puerto-rico-manufacturing>

PUERTO RICO MANUFACTURING PMI ROSE TO 58.5 IN JANUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 58.5 in January, remaining above the threshold level of 50 for the third consecutive month. A reading above the threshold suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes were over the threshold level in January. Both the New Orders and the Own Inventories sub-indexes vaulted over the threshold level. The Suppliers Delivery sub-index, which had remained elevated in recent months in part on account of hurricane-related disruptions, declined to 60.0, but remained over the threshold level for the sixth consecutive month. 65% of the manufacturing businesses reported operating under normal conditions during the month of January in the aftermath of hurricanes Irma and Maria. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 53 of the 93 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.

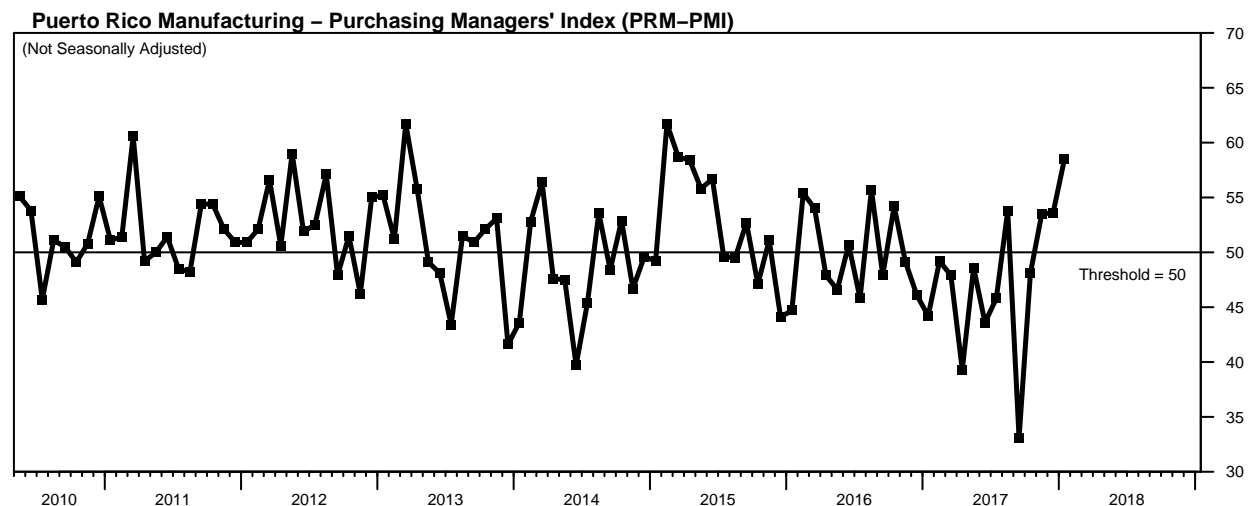


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2018

	Better	Same	Worse	PMI		
Órdenes nuevas	40	45	15	62.5	Higher	New orders
Producción	40	35	25	57.5	Higher	Production
Empleo	25	65	10	57.5	Higher	Employment
Entregas de suplidores	30	60	10	60	Slower	Supplier deliveries
Inventarios de su empresa	30	50	20	55	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				58.5	Expansion	

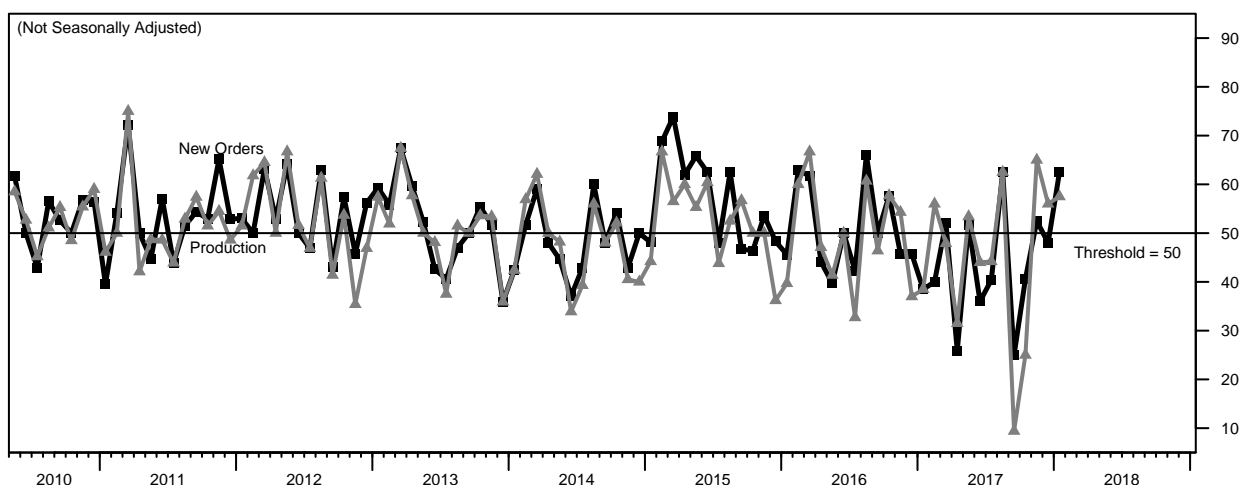
Note: Not Seasonally Adjusted (NSA)

New Orders

In January, the New Orders PMI (NSA) took off to 62.5, jumping over the threshold level. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in January were higher than in December.

Production

The Production PMI (NSA) inched up to 57.5 in January, remaining above the threshold level for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was higher than in December.

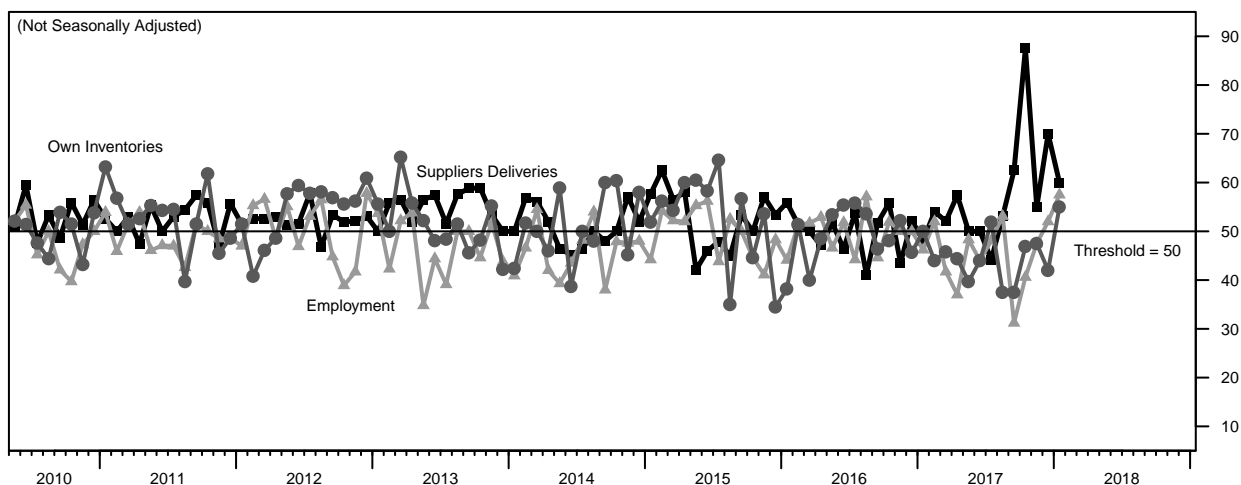


Employment

In January, the Employment PMI (NSA) edged up to 57.5, remaining over the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was higher than in December.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) moved down to 60.0, but remained over the threshold level for the sixth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in January was slower than in December, suggesting a higher demand for intermediate goods, or a Hurricane-related disruption.



Own Inventories

In January, the Own Inventories PMI (NSA) vaulted over the threshold level to 55.0, after five consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were higher 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 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 <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>. 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 2018:

Reference month	Publication date
Nov-17	January 2, 2018
Dec-17	February 1, 2018
Jan-18	March 1, 2018
Feb-18	April 2, 2018
Mar-18	May 1, 2018
Apr-18	June 1, 2018

Reference month	Publication date
May-18	July 2, 2018
Jun-18	August 1, 2018
Jul-18	September 4, 2018
Aug-18	October 1, 2018
Sep-18	November 1, 2018
Oct-18	December 3, 2018