Purchasing Managers Index of Puerto Rico Manufacturing

October 2013

Instituto de Estadísticas de Puerto Rico
Estado Libre Asociado de Puerto Rico

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

PUERTO RICO MANUFACTURING PMI TICKED UP TO 52.1 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector inched up to 52.1 in October, remaining above the threshold level for the third consecutive month. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. The New Orders, Production, and Supplier Deliveries sub-indexes were above the threshold level, whereas the Employment and Own Inventories sub-indexes were below. With the exception of the Employment sub-index, all the sub-indexes increased with respect to the previous month. Almost 30 percent of respondents indicated that the federal government shutdown of October 2013 had unfavorable effects for the business conditions of their firm. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 32 of the 42 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.

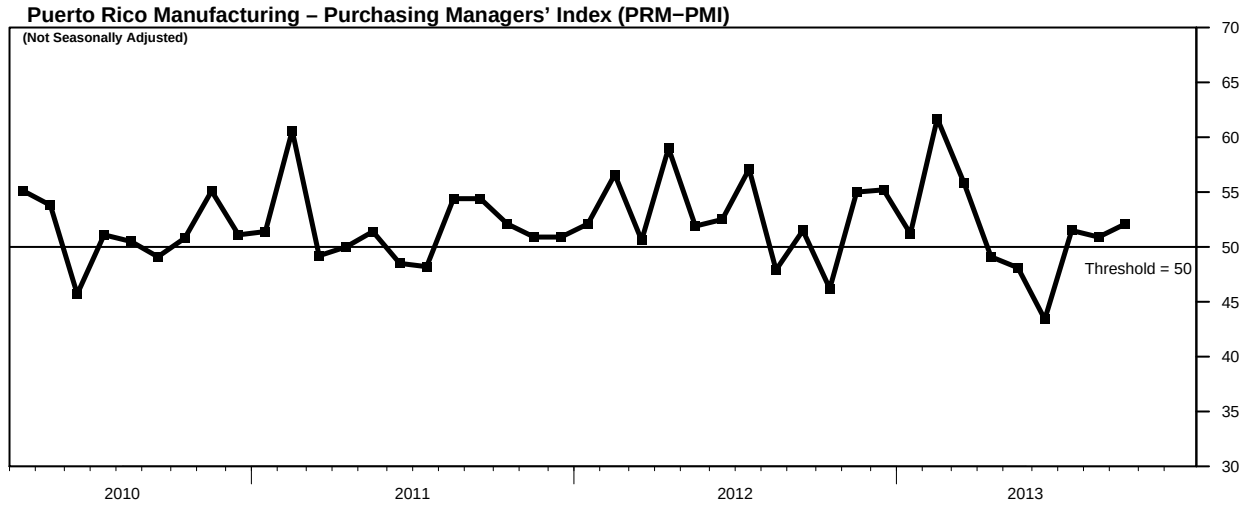


Table 1. Puerto Rico Manufacturing − Purchasing Managers' Index (NSA): October 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	32.1	46.4	21.4	55.4	Higher	New orders
Producción	32.1	42.9	25	53.6	Higher	Production
Empleo	10.7	67.9	21.4	44.6	Lower	Employment
Entregas de suplidores	21.4	75	3.6	58.9	Slower	Supplier deliveries
Inventarios de su empresa	21.4	53.6	25	48.2	Lower	Own inventories
Puerto Rico Manufacturing − Purchasing Managers Index (NSA)				**52.1**	**Expansion**	

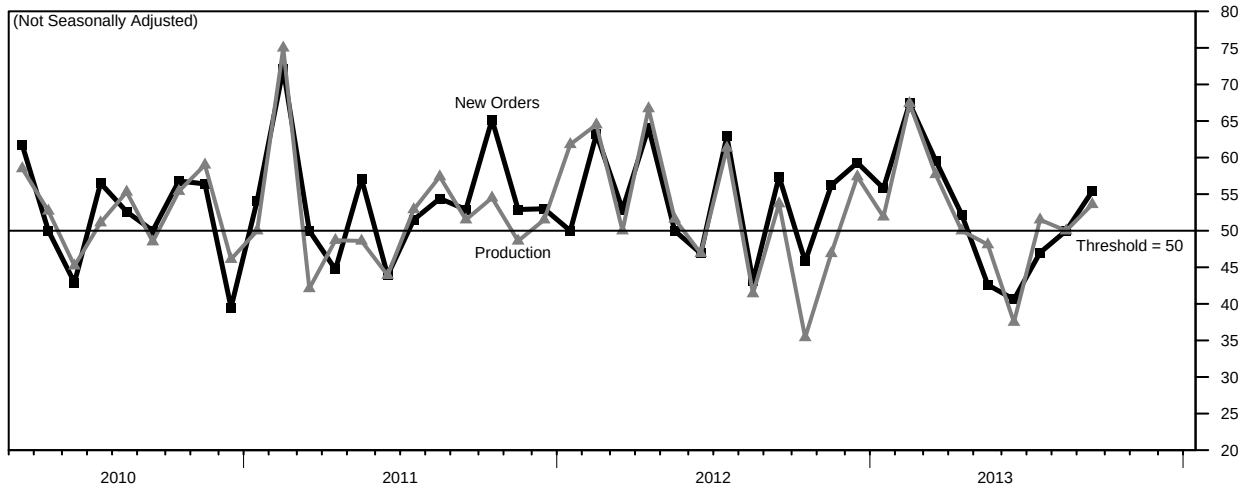
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) rose from the threshold level of 50 to 55.4 in October, after three consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were higher than in September.

Production

In October, the Production PMI (NSA) also edged up from the threshold level of 50 to 53.6. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was higher than in September.

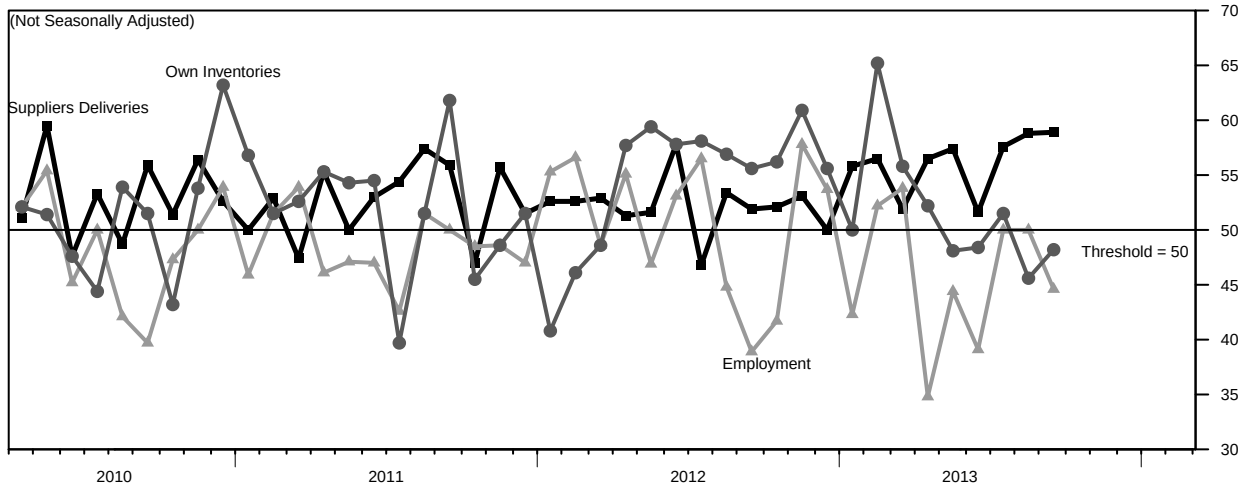


Employment

In October, the Employment PMI (NSA) decreased from the threshold level of 50 to 44.6. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was lower than in September.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched up to 58.9 in October, remaining at or above the threshold level for the fourteenth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in October was slower than in September, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) increased to 48.2 in October, 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 October were lower than in September.

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-12	January 2, 2013
Dec-12	February 1, 2013
Jan-13	March 1, 2013
Feb-13	April 1, 2013
Mar-13	May 1, 2013
Apr-13	June 3, 2013

Reference month	Publication date
May-13	July 1, 2013
Jun-13	August 1, 2013
Jul-13	September 3, 2013
Aug-13	October 1, 2013
Sep-13	November 1, 2013
Oct-13	December 2, 2013