

# Purchasing Managers Index of Puerto Rico Manufacturing

July 2017

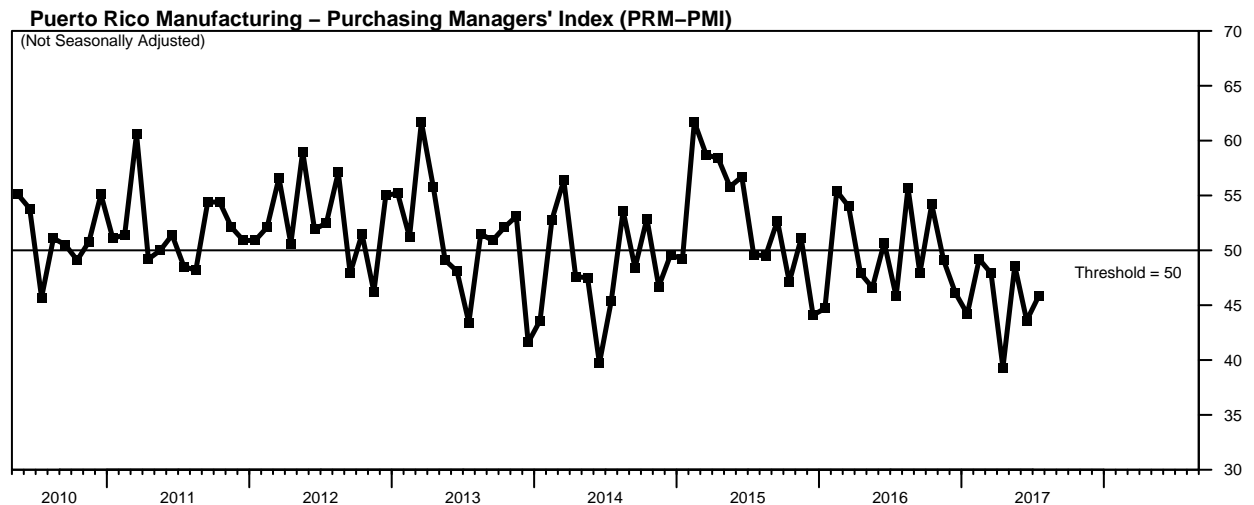
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<http://www.estadisticas.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>

## PUERTO RICO MANUFACTURING PMI EDGED UP TO 45.8 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector inched up to 45.8 in July, remaining below the threshold level of 50 for the ninth consecutive month. A reading below the threshold suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes, except for the Own inventories, were below the threshold level. The Employment sub-index edged up to 48.1, but remained below the threshold level for the fifth consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 49 of the 87 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): July 2017**

	Better	Same	Worse	PMI		
Órdenes nuevas	7.7	65.4	26.9	40.4	Lower	New orders
Producción	11.5	65.4	23.1	44.2	Lower	Production
Empleo	7.7	80.8	11.5	48.1	Lower	Employment
Entregas de suplidores	3.8	80.8	15.4	44.2	Faster	Supplier deliveries
Inventarios de su empresa	19.2	65.4	15.4	51.9	Higher	Own inventories

**Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 45.8    Contraction**

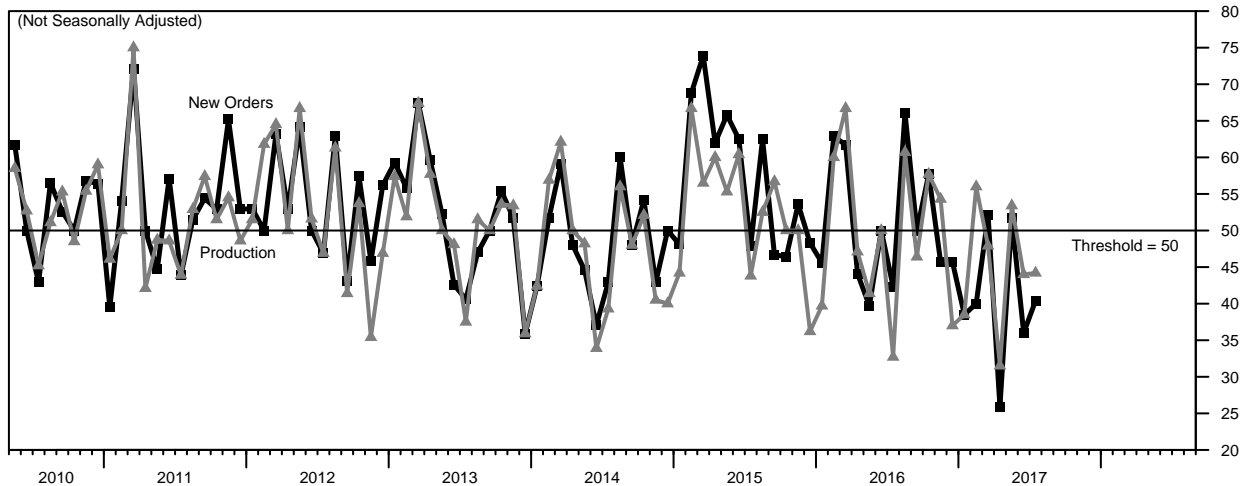
Note: Not Seasonally Adjusted (NSA)

## New Orders

In July, the New Orders PMI (NSA) increased to 40.4, but remained below the threshold for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in July were lower than in June.

## Production

The Production PMI (NSA) ticked up to 44.2 in July, 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 July was lower than in June.

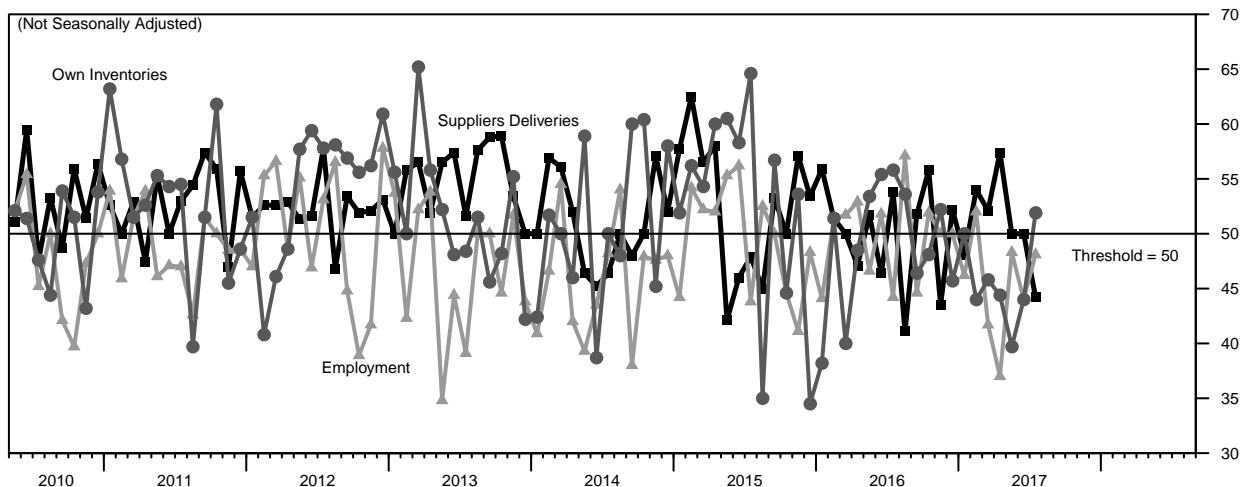


## Employment

In July, the Employment PMI (NSA) edged up to 48.1, but remained below the threshold level for the fifth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was lower than in June.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 44.2 in July, falling below the threshold level after two consecutive months at 50. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in July was faster than in June, suggesting a lower demand for intermediate goods.



## Own Inventories

In July, the Own Inventories PMI (NSA) rose above the threshold level to 51.9, after five consecutive months below it. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher than in June.

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### 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 <http://www.estadisticas.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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(1) visit <http://www.estadisticas.pr/iepr/Publicaciones/Encuestas/ManufacturaPMI.aspx>, (2) email your request to [preguntas@estadisticas.pr](mailto:preguntas@estadisticas.pr), (3) call (787) 993-3336, (4) fax your request to (787) 993-3346, (5) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (6) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

### 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 2016:

Reference month	Publication date	Reference month	Publication date
Nov-16	January 4, 2017	May-17	July 3, 2017
Dec-16	February 1, 2017	Jun-17	August 1, 2017
Jan-17	March 1, 2017	Jul-17	September 1, 2017
Feb-17	April 3, 2017	Aug-17	October 2, 2017
Mar-17	May 1, 2017	Sep-17	November 1, 2017
Apr-17	June 1, 2017	Oct-17	December 1, 2017