

Purchasing Managers Index of Puerto Rico Manufacturing

March 2014

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

PUERTO RICO MANUFACTURING PMI INCREASED TO 56.4 IN MARCH

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 56.4 in March, remaining above the threshold level for the second consecutive month. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All of the sub-indexes were at or above the threshold level of 50. The New Orders, Production, and Employment sub-indexes edged up, whereas the Suppliers Deliveries and Own Inventories sub-indexes inched down when compared to their February reading. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 35 of the 47 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.

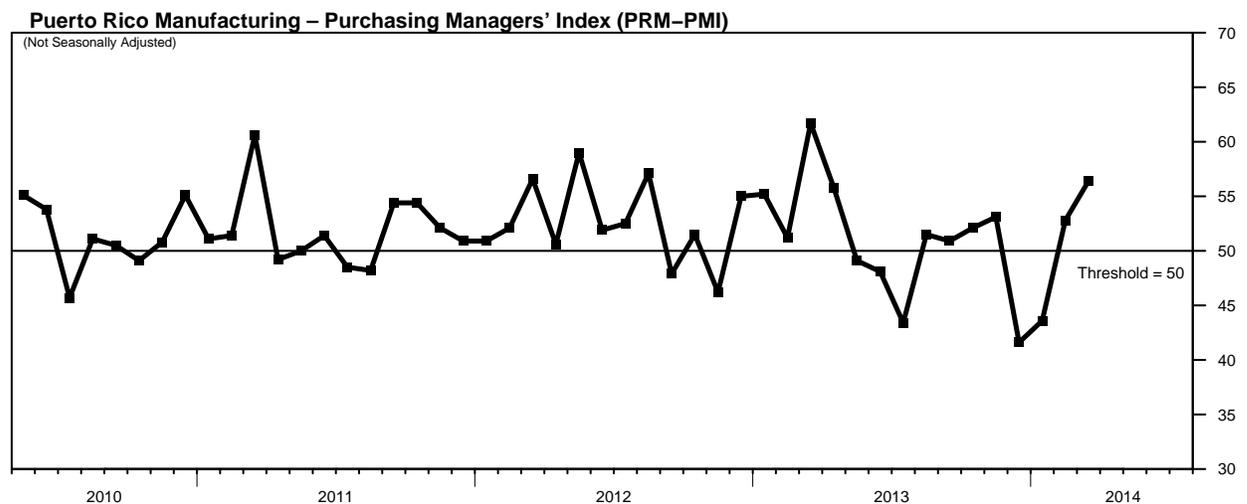


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): March 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	33.3	51.5	15.2	59.1	Higher	New orders
Producción	36.4	51.5	12.1	62.1	Higher	Production
Empleo	15.2	78.8	6.1	54.5	Higher	Employment
Entregas de proveedores	15.2	81.8	3	56.1	Slower	Supplier deliveries
Inventarios de su empresa	24.2	51.5	24.2	50	Same	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 56.4 Expansion

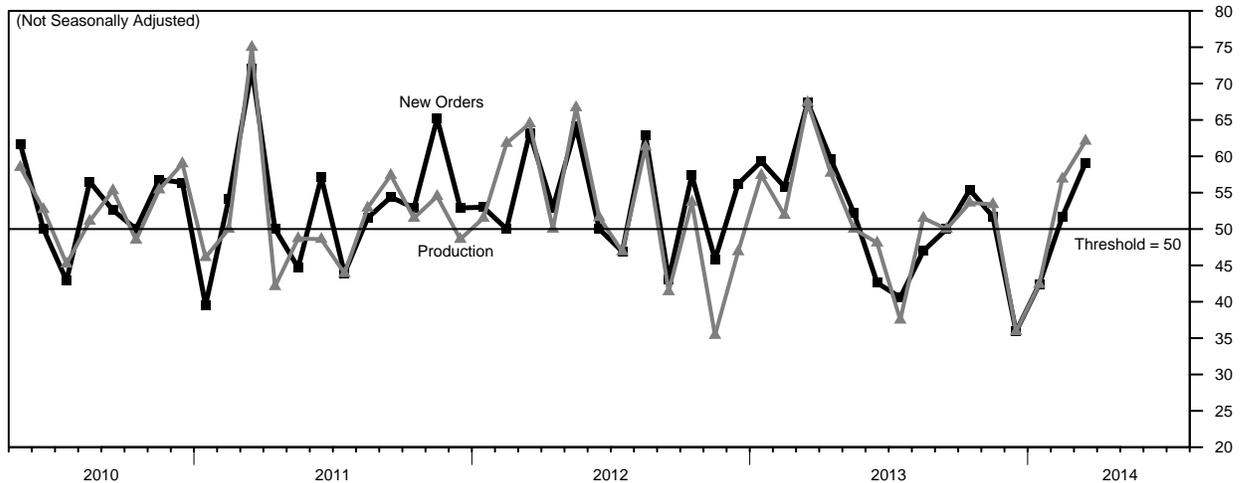
Note: Not Seasonally Adjusted (NSA)

New Orders

In March, the New Orders PMI (NSA) increased further above the threshold to 59.1. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in March were higher than in February.

Production

The Production PMI (NSA) edged up further above the threshold to 62.1 in March. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in March was higher than in February.

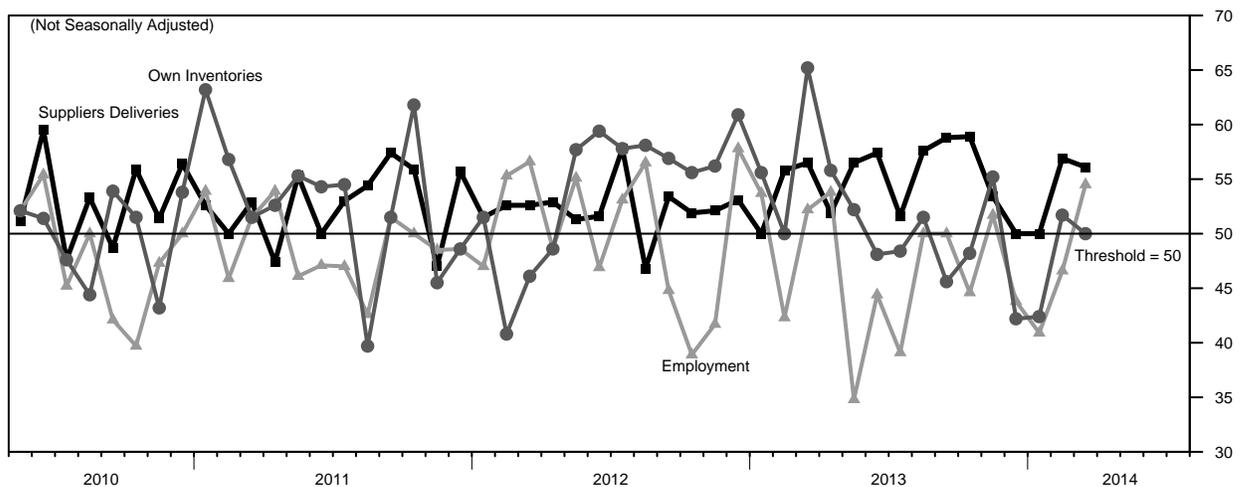


Employment

The Employment PMI (NSA) jumped up above the threshold level to 54.5 in March, after remaining below for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in March was higher than in February.

Supplier Deliveries

In March, the Supplier Deliveries PMI (NSA) ticked down to 56.1, but remained above the threshold level. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in March was slower than in February, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) decreased to the threshold level of 50 in March, after one month above it. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in March were the same as in February.

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 2014:

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