

Purchasing Managers Index of Puerto Rico Manufacturing

April 2012

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

PUERTO RICO MANUFACTURING PMI DECREASED TO 50.6 IN APRIL

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector went down to 50.6 in April, but remained above the threshold for the eighth consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. The New Orders and Production sub-indexes fell, but remained at or above the threshold, whereas the Employment sub-index decreased below the threshold level. The Suppliers Deliveries and Own Inventories sub-indexes edged up. But, as the Suppliers Deliveries sub-index registered its fifth month above the threshold, the Own Inventories sub-index remained below the threshold level for the third consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold value in 19 of the 24 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.

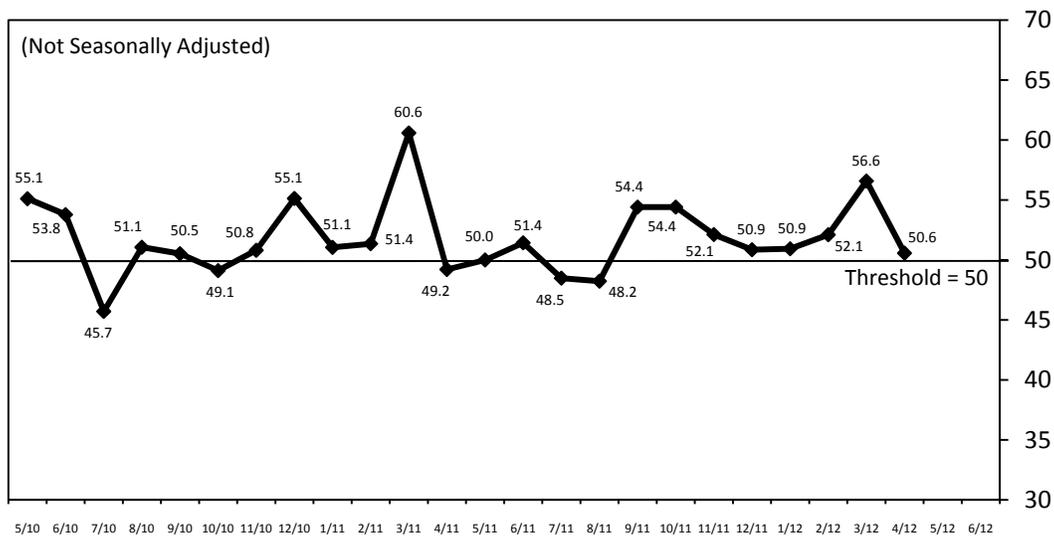


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	25.7	54.3	20	52.9	Higher	New orders
Producción	31.4	37.1	31.4	50	Same	Production
Empleo	17.1	62.9	20	48.6	Lower	Employment
Entregas de suplidores	17.1	71.4	11.4	52.9	Slower	Supplier deliveries
Inventarios de su empresa	25.7	45.7	28.6	48.6	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 50.6 Expansion

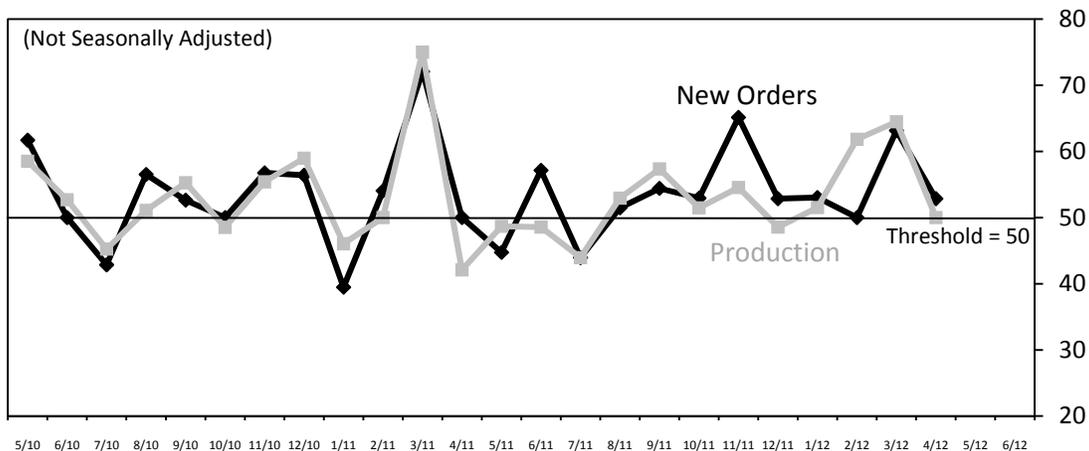
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) fell down to 52.9, but remained at or above the threshold for the ninth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in April were higher than in March.

Production

The Production PMI (NSA) dropped to the threshold level of 50.0 in April, after three consecutive months above. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was the same as in March.

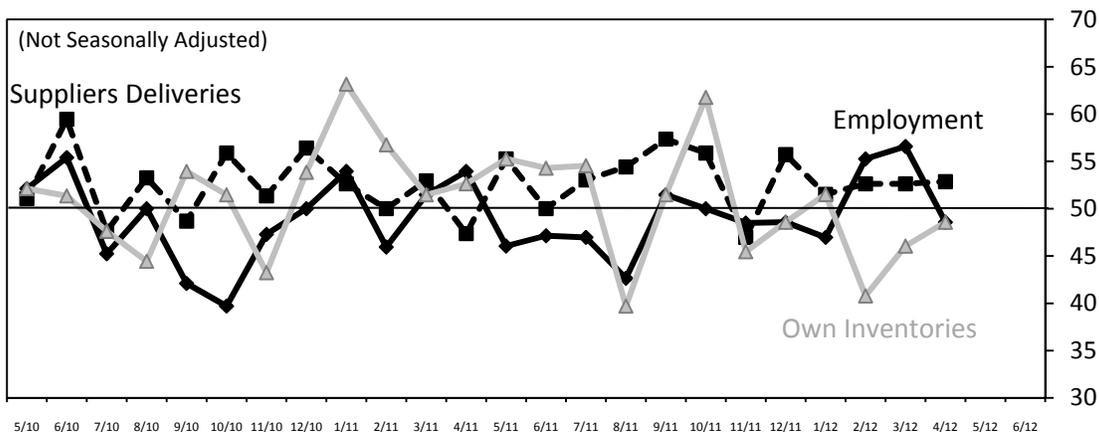


Employment

In April, the Employment PMI (NSA) decreased below the threshold to 48.6, after two consecutive months above. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was lower than in March.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched up to 52.9 in April, the fifth consecutive month above the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in April was slower than in March, suggesting higher demand for intermediate goods.



Own Inventories

In April, the Own Inventories PMI (NSA) increased to 48.6, but remained below the threshold for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were lower than in March.

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/Estadisticas/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 2012:

Reference month	Publication date
Nov 2011	January 3, 2012
Dec 2011	February 1, 2012
Jan 2012	March 1, 2012
Feb 2012	April 2, 2012
Mar 2012	May 1, 2012
Apr 2012	June 1, 2012

Reference month	Publication date
May 2012	July 2, 2012
Jun 2012	August 1, 2012
Jul 2012	September 4, 2012
Aug 2012	October 1, 2012
Sep 2012	November 1, 2012
Oct 2012	December 3, 2012