

Purchasing Managers Index of Puerto Rico Manufacturing

July 2013

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until 10:00 a.m. (AST) Monday, September 3, 2013

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

PUERTO RICO MANUFACTURING PMI FELL TO 43.4 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 43.4 in July, remaining below the threshold for the third consecutive month. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. The July 2013 reading of the PMI was its lowest on record, ever since the survey was first undertaken in May 2010. All of the PMI sub-indexes were below the threshold in July, except the Suppliers Deliveries PMI which remained above the threshold for the eleventh consecutive month. In July, all of the PMI sub-indexes declined except the Own Inventories PMI which inched up. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold level in 29 of the 39 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.

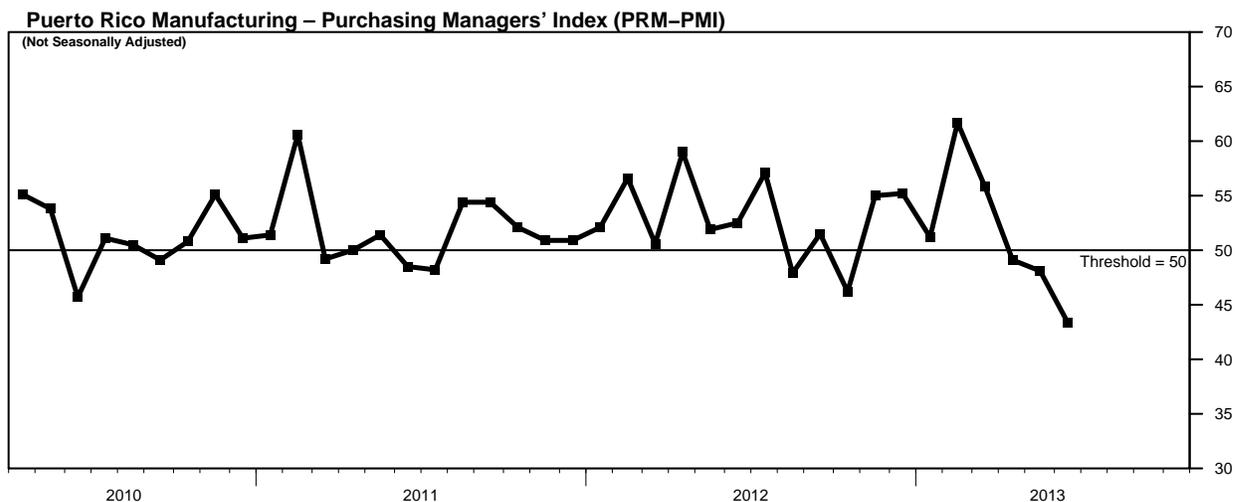


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	12.5	56.2	31.2	40.6	Lower	New orders
Producción	15.6	43.8	40.6	37.5	Lower	Production
Empleo	6.2	65.6	28.1	39.1	Lower	Employment
Entregas de suplidores	18.8	65.6	15.6	51.6	Slower	Supplier deliveries
Inventarios de su empresa	25	46.9	28.1	48.4	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 43.4 Contraction

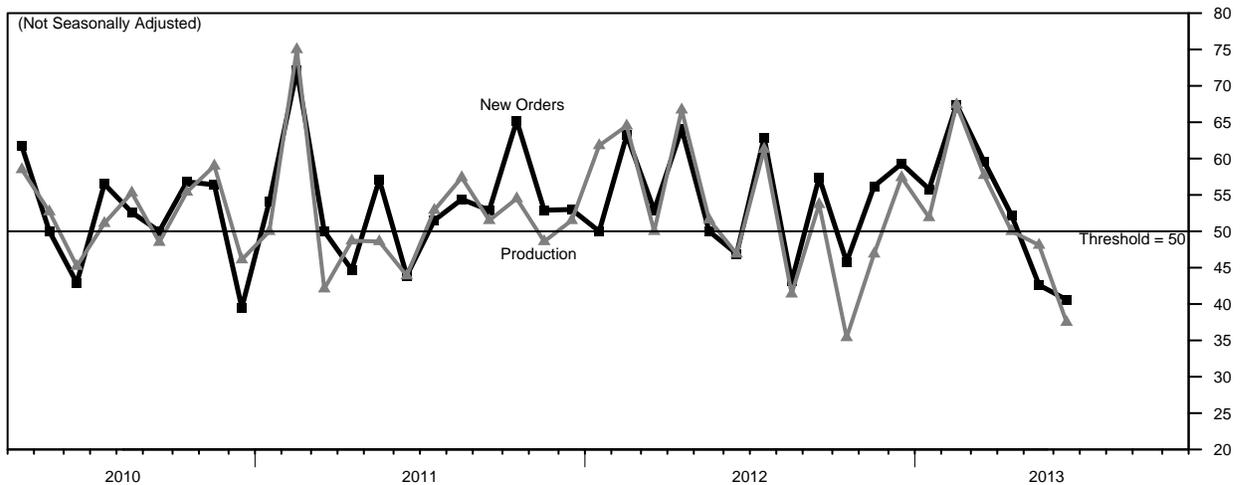
Note: Not Seasonally Adjusted (NSA)

New Orders

The New Orders PMI (NSA) edged down to 40.6 in July, remaining below the threshold level 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

In July, the Production PMI (NSA) dropped further below the threshold to 37.5, for the second consecutive month. A reading under 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July was lower than in June.

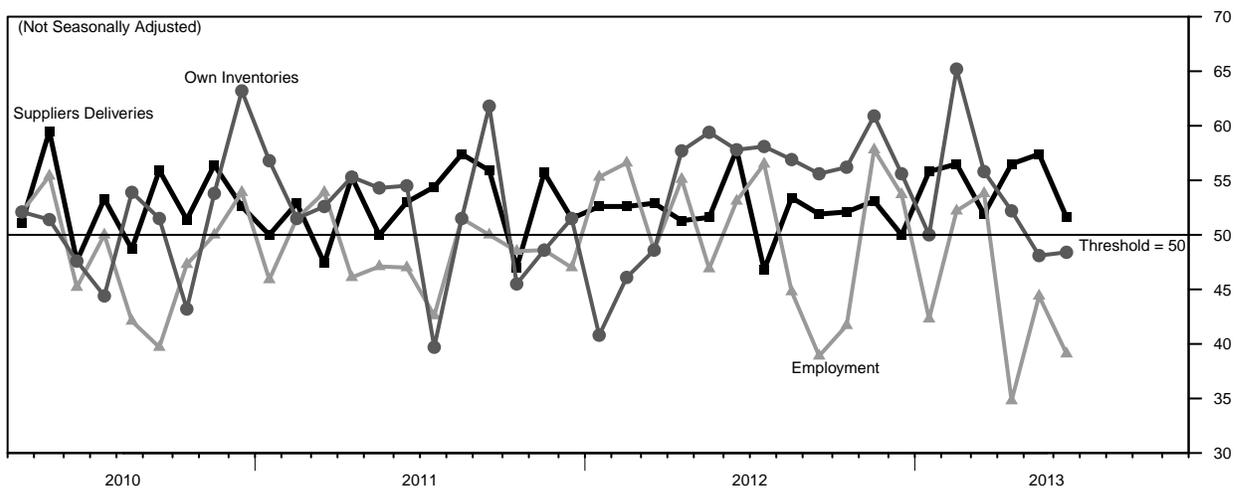


Employment

The Employment PMI (NSA) decreased to 39.1 in July, remaining below the threshold level for the third 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

In July, the Supplier Deliveries PMI (NSA) declined to 51.6, but remained at or above the threshold for the eleventh consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in July was slower than in June, suggesting a higher demand for intermediate goods.



Own Inventories

The Own Inventories PMI (NSA) ticked up to 48.4 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, inventories in manufacturing establishments in July were lower than in June.

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