

Purchasing Managers Index of Puerto Rico Manufacturing

FEBRUARY 2013

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 51.2 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 51.2 in February, but still remained above the threshold for the third consecutive month. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. In February four of the five PMI sub-indexes were at or above the threshold, with only the Employment sub-index falling below it. However, four PMI sub-indexes decreased with respect to previous month, with only the Supplier Deliveries sub-index moving up this month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold value in 27 of the 34 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.

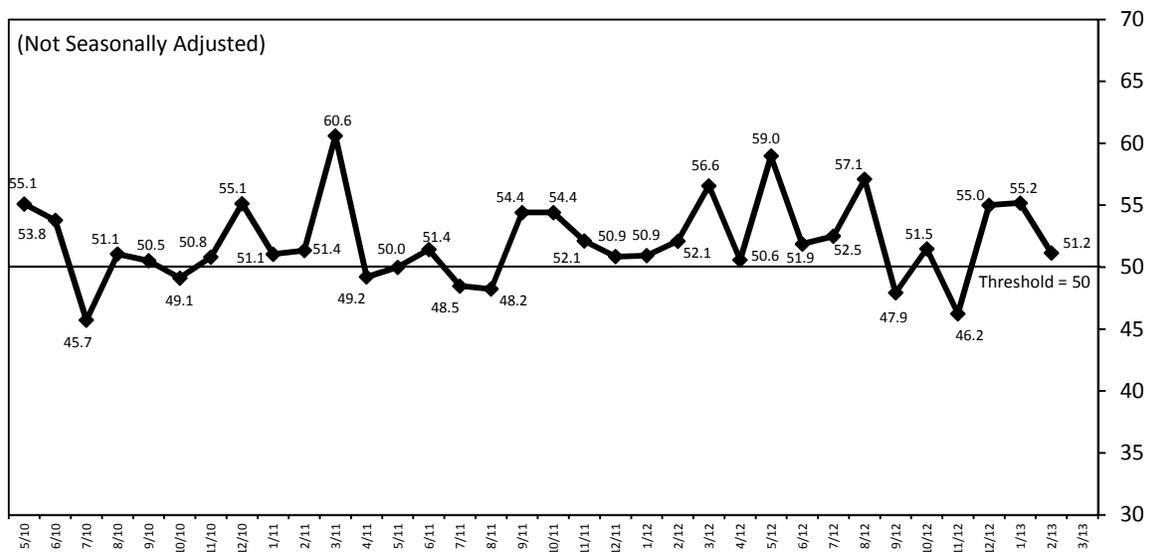


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2013

	Better	Same	Worse	PMI		
Órdenes nuevas	38.5	34.6	26.9	55.8	Higher	New orders
Producción	38.5	26.9	34.6	51.9	Higher	Production
Empleo	15.4	53.8	30.8	42.3	Lower	Employment
Entregas de suplidores	19.2	73.1	7.7	55.8	Slower	Supplier deliveries
Inventarios de su empresa	30.8	38.5	30.8	50	Same	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 51.2 Expansion

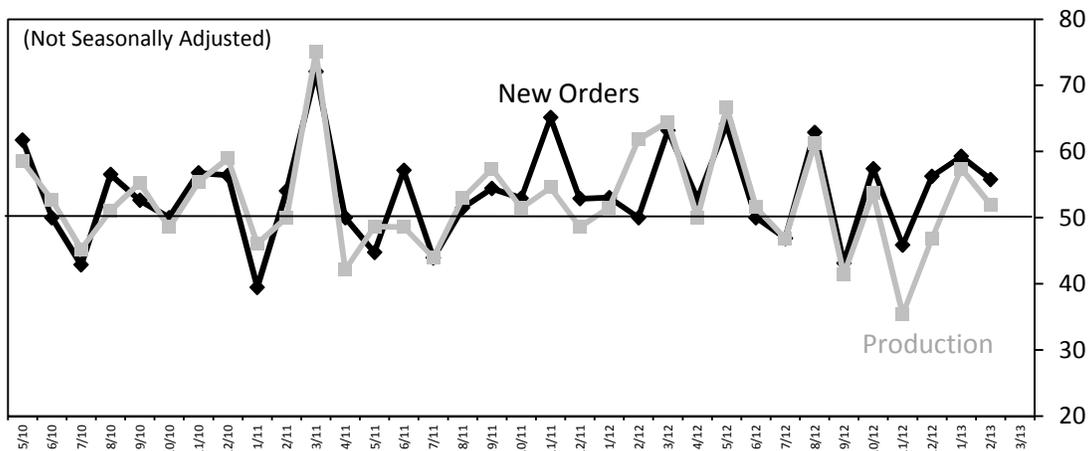
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) edged down to 55.8 but remain above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in February were higher than in January.

Production

In February, the Production PMI (NSA) decreased to 51.9, remaining above the threshold for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January.

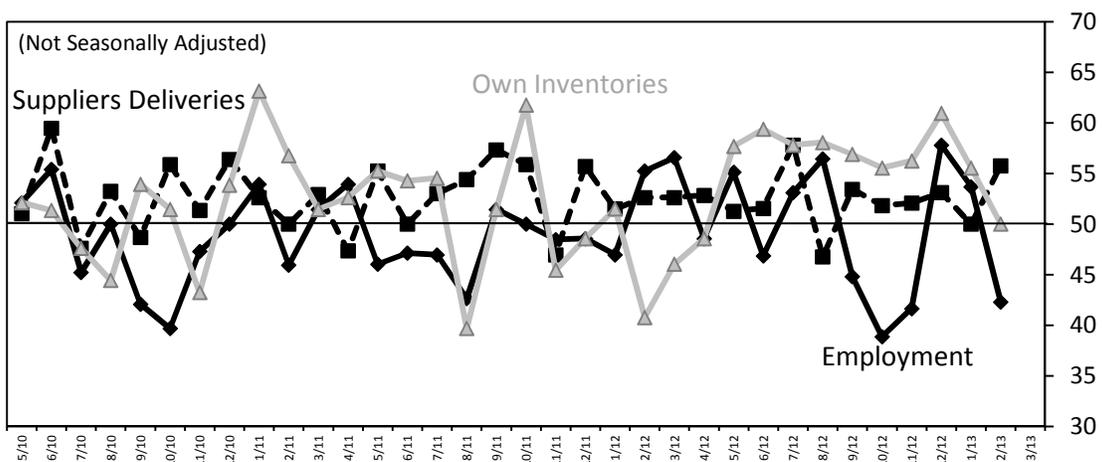


Employment

The Employment PMI (NSA) dropped below the threshold to 42.3 in February, after two consecutive months above. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was lower than in January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) moved up to 55.8 in February, remaining at or above the threshold for six consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in February was slower than in January, suggesting a higher demand for intermediate goods.



Own Inventories

In February, the Own Inventories PMI (NSA) decreased to 50 but remained at or above the threshold for the tenth consecutive month. A reading at 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were the same as in January.

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