

Purchasing Managers Index of Puerto Rico Manufacturing

February 2016

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

PUERTO RICO MANUFACTURING PMI INCREASED TO 55.4 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 55.4 in February. 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 above the threshold in February, and all of the sub-indexes jumped over the threshold this month, with the exception of the Supplier Deliveries PMI (NSA); it edged down, but remained above the threshold for the sixth consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 45 of the 70 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.

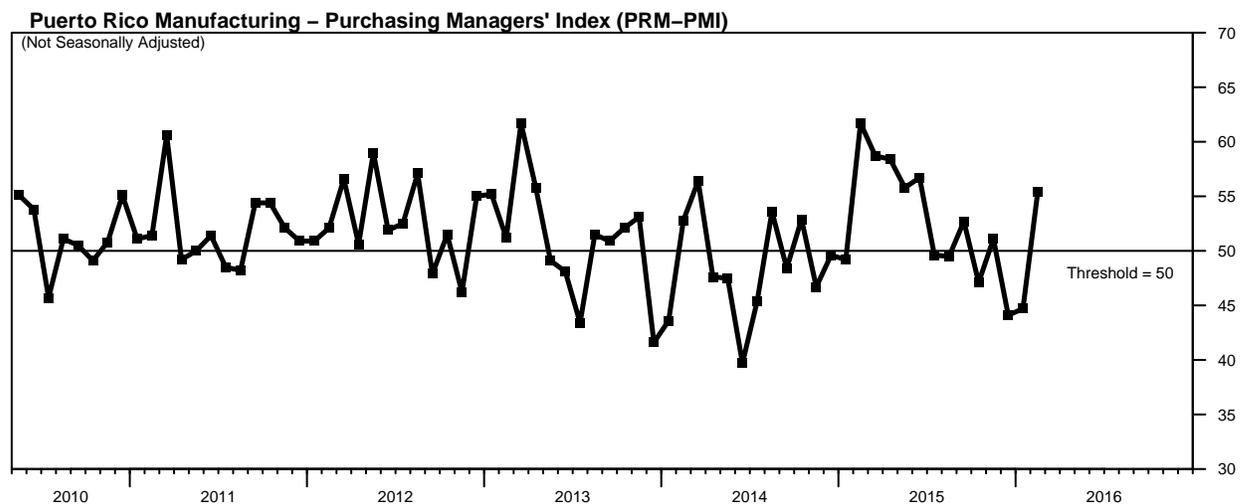


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2016

	Better	Same	Worse	PMI		
Órdenes nuevas	40	45.7	14.3	62.9	Higher	New orders
Producción	31.4	57.1	11.4	60	Higher	Production
Empleo	17.1	68.6	14.3	51.4	Higher	Employment
Entregas de suplidores	11.4	80	8.6	51.4	Slower	Supplier deliveries
Inventarios de su empresa	20	62.9	17.1	51.4	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 55.4 Expansion

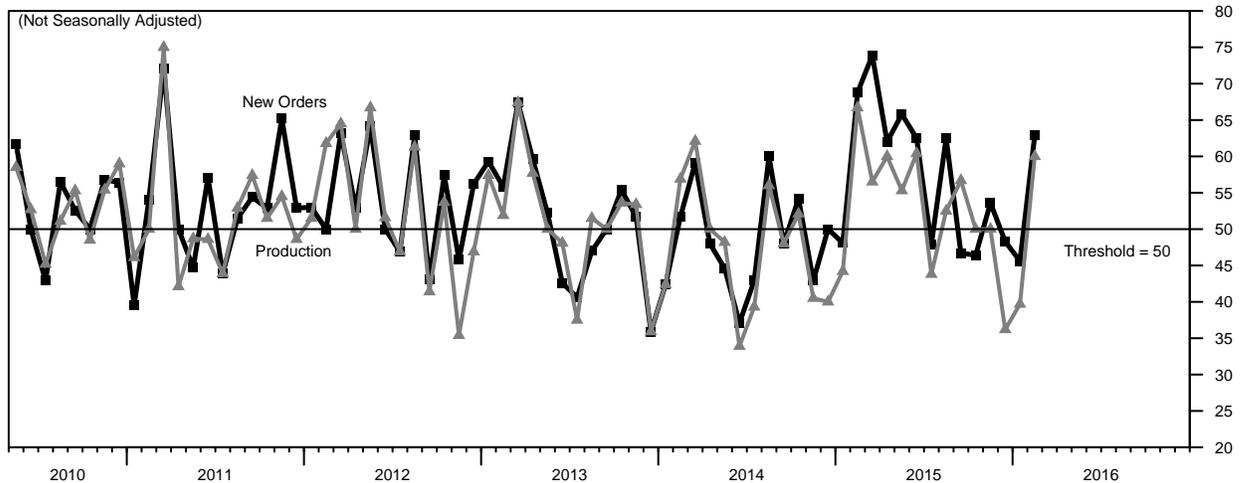
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) jumped over the threshold level to 62.9, after remaining below for two consecutive months. 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

The Production PMI (NSA) skyrocketed to 60.0, climbing above the threshold level in February after remaining below the threshold level for two consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January.

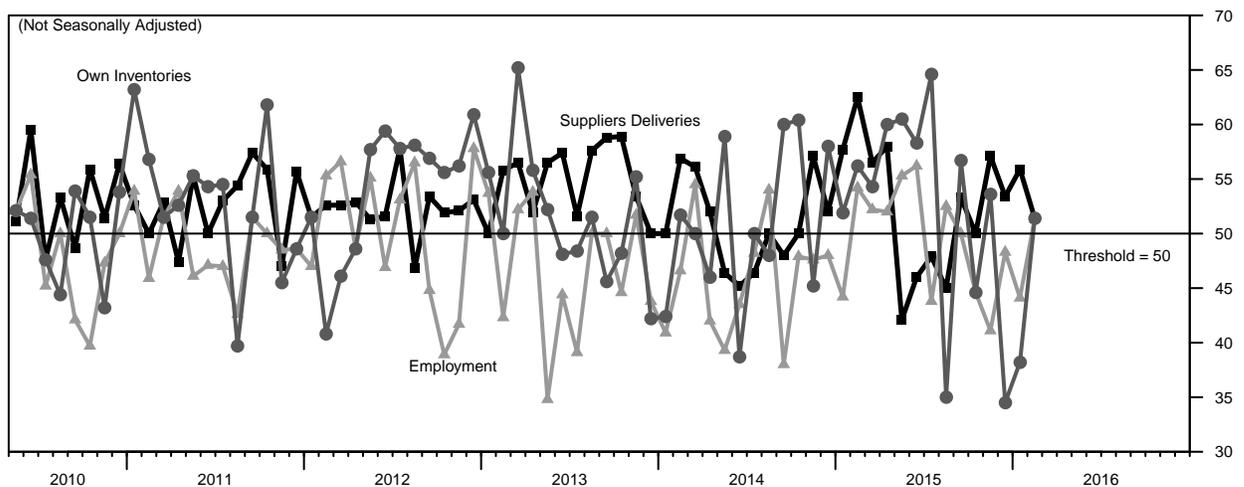


Employment

In February, the Employment PMI (NSA) rose above the threshold level to 51.4 after remaining below for four consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was higher than in January.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) edged down to 51.4, but remained above the threshold level for the sixth consecutive month. 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) vaulted over the threshold level to 51.4, after two consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were higher than 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 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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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
Nov-15	January 4, 2016
Dec-15	February 1, 2016
Jan-16	March 1, 2016
Feb-16	April 1, 2016
Mar-16	May 2, 2016
Apr-16	June 1, 2016

Reference month	Publication date
May-16	July 1, 2016
Jun-16	August 1, 2016
Jul-16	September 1, 2016
Aug-16	October 3, 2016
Sep-16	November 1, 2016
Oct-16	December 1, 2016