

Purchasing Managers Index of Puerto Rico Manufacturing

March 2015

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

PUERTO RICO MANUFACTURING PMI EDGES DOWN TO 58.7 IN MARCH

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 58.7 in March, but remained 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 above the threshold level in March. The New Orders sub-index continued rising in March and set a new record high, whereas the remaining sub-indexes edged down with respect to the previous month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 39 of the 59 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.

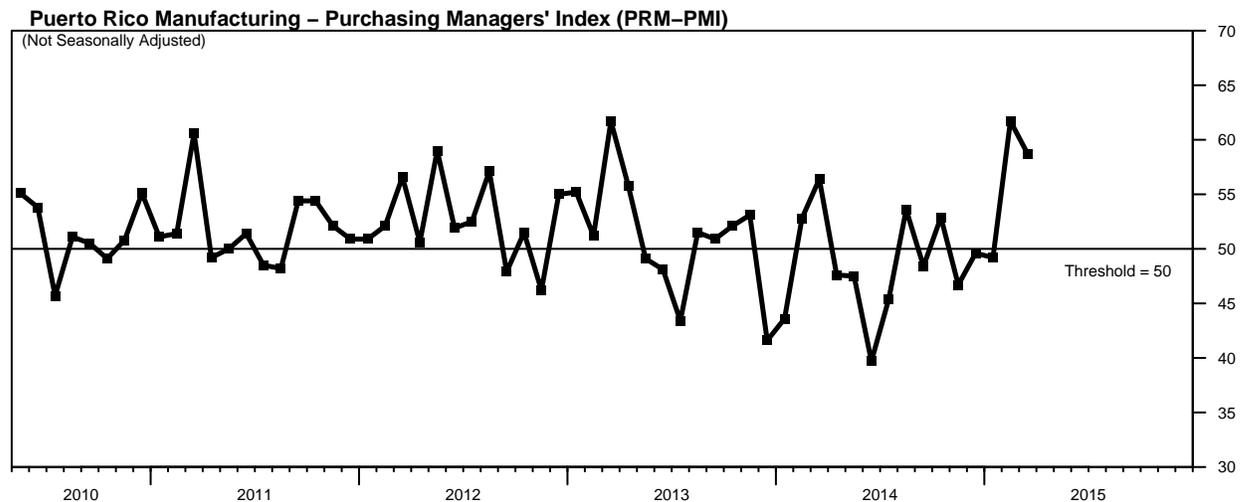


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): March 2015

	Better	Same	Worse	PMI		
Órdenes nuevas	52.2	43.5	4.3	73.9	Higher	New orders
Producción	30.4	52.2	17.4	56.5	Higher	Production
Empleo	13	78.3	8.7	52.2	Higher	Employment
Entregas de suplidores	21.7	69.6	8.7	56.5	Slower	Supplier deliveries
Inventarios de su empresa	30.4	47.8	21.7	54.3	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				58.7	Expansion	

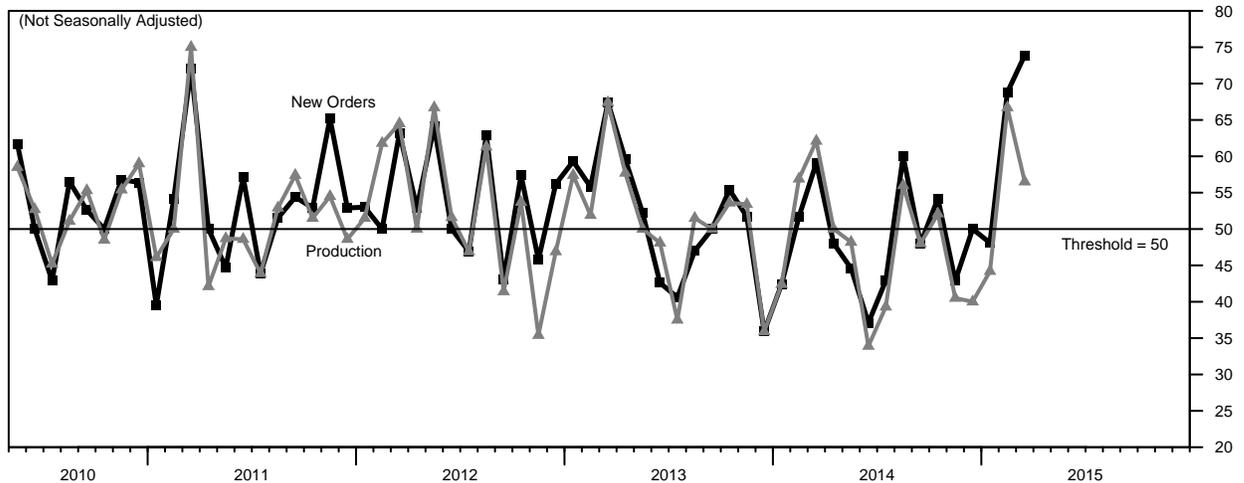
Note: Not Seasonally Adjusted (NSA)

New Orders

In March, the New Orders PMI (NSA) continued rising above the threshold to 73.9, its highest level ever since the survey was first undertaken about 5 years ago. 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) dropped to 56.5 in March, but remained above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in March was higher than in February.

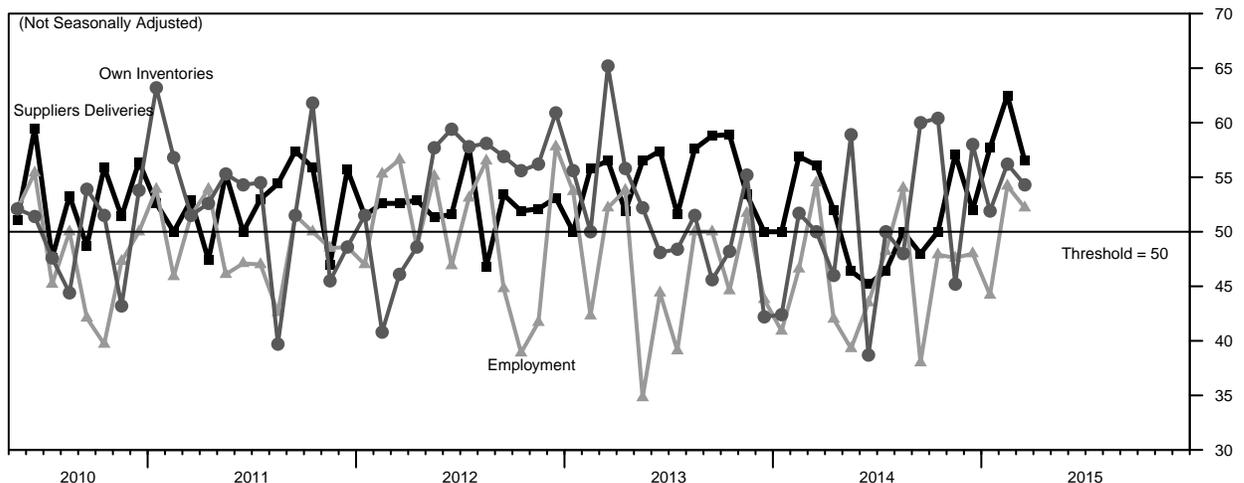


Employment

In March, the Employment PMI (NSA) edged down to 52.2, but remained above the threshold level for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in March was higher than in February.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) declined to 56.5 in March, 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 March was slower than in February, suggesting a higher demand for intermediate goods. On the other hand, two manufacturers suggested that the recent slowdown in the delivery of supplies owed in part to delays in the maritime shipment of supplies to Puerto Rico.



Own Inventories

In March, the Own Inventories PMI (NSA) inched down to 54.3, but remained above the threshold level for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in March were higher than 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/ManufecturaPMI.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-14	January 2, 2015
Dec-15	February 2, 2015
Jan-15	March 2, 2015
Feb-15	April 1, 2015
Mar-15	May 1, 2015
Apr-15	June 1, 2015

Reference month	Publication date
May-15	July 1, 2015
Jun-15	August 3, 2015
Jul-15	September 1, 2015
Aug-15	October 1, 2015
Sep-15	November 2, 2015
Oct-15	December 1, 2015