

Purchasing Managers Index of Puerto Rico Manufacturing

May 2014

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

PUERTO RICO MANUFACTURING PMI INCHED DOWN TO 47.5 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector edged down to 47.5 in May, remaining below the threshold level for the second consecutive month. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. All of the sub-indexes, except for the Own Inventories sub-index, were below the threshold level. In addition, only the Own Inventories sub-index increased when compared to its April reading. The Supplier Deliveries sub-index dropped to its lowest level since the survey was first undertaken, dipping under the threshold level for the first time in twenty consecutive months. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 35 of the 49 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.

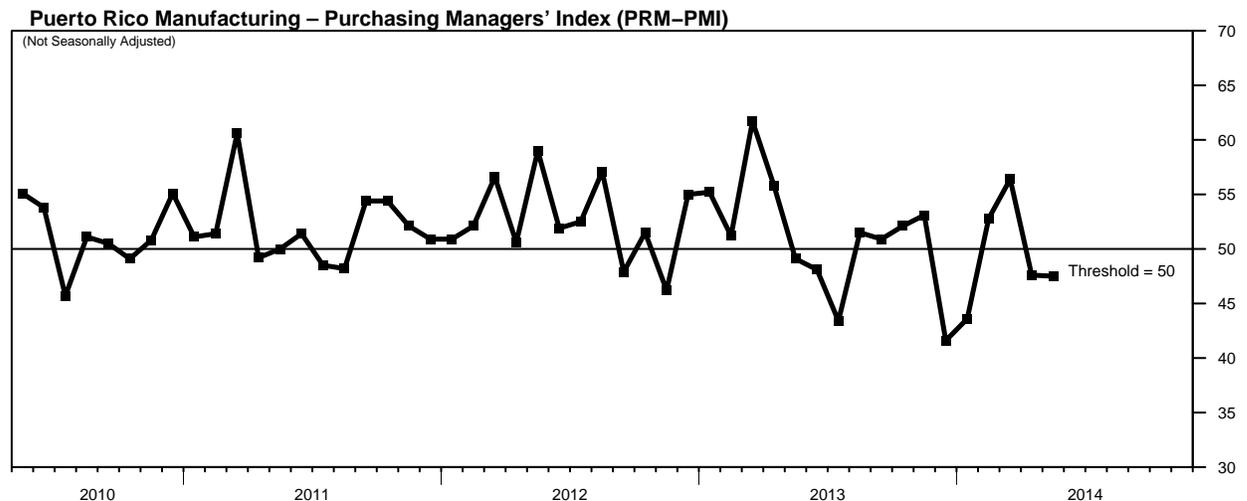


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): May 2014

	Better	Same	Worse	PMI		
Órdenes nuevas	21.4	46.4	32.1	44.6	Lower	New orders
Producción	17.9	60.7	21.4	48.2	Lower	Production
Empleo	7.1	64.3	28.6	39.3	Lower	Employment
Entregas de suplidores	3.6	85.7	10.7	46.4	Faster	Supplier deliveries
Inventarios de su empresa	25	67.9	7.1	58.9	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.5 Contraction

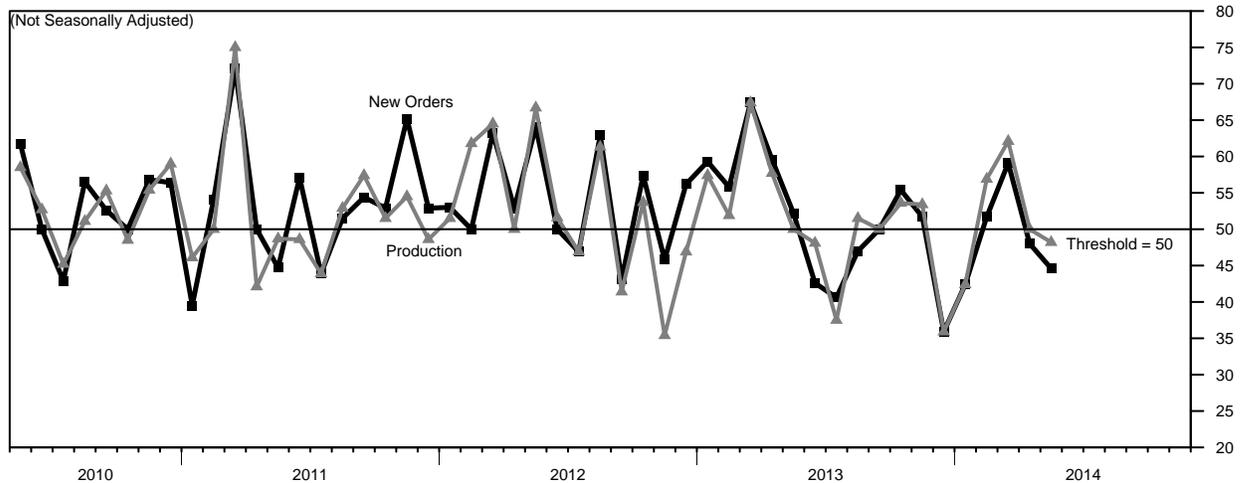
Note: Not Seasonally Adjusted (NSA)

New Orders

In May, the New Orders PMI (NSA) declined to 44.6, 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 May were lower than in April.

Production

The Production PMI (NSA) dipped below the threshold value to 48.2 in May. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May lower than in April.

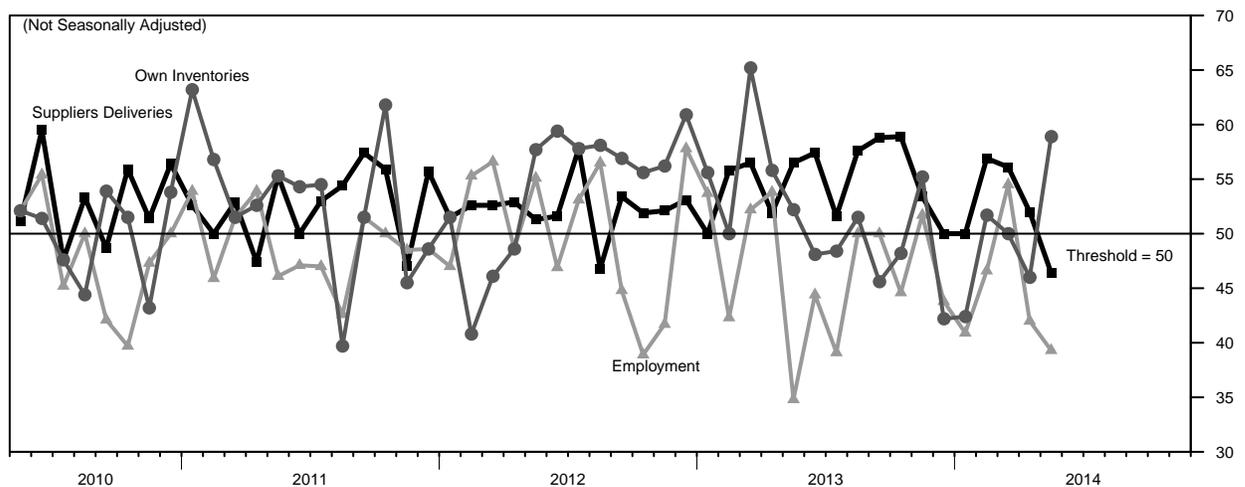


Employment

In May, the Employment PMI (NSA) edged further down to 39.3, below the threshold level for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was lower than in April.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) dropped below the threshold to 46.4 in May, after remaining above it for twenty consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in May was faster than in April, suggesting a lower demand for intermediate goods.



Own Inventories

In May, the Own Inventories PMI (NSA) jumped up above the threshold level to 58.9, after one month below it. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were higher than in April.

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 2014:

Reference month	Publication date	Reference month	Publication date
Nov-13	January 2, 2014	May-14	July 1, 2014
Dec-13	February 3, 2014	Jun-14	August 1, 2014
Jan-14	March 3, 2014	Jul-14	September 2, 2014
Feb-14	April 1, 2014	Aug-14	October 1, 2014
Mar-14	May 1, 2014	Sep-14	November 3, 2014
Apr-14	June 2, 2014	Oct-14	December 1, 2014