

Purchasing Managers Index of Puerto Rico Manufacturing

DECEMBER 2012

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

PUERTO RICO MANUFACTURING PMI MOVED UP TO 55.0 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased above the threshold to 55.0 in December. A reading above the threshold value of 50 suggests an expansion in the manufacturing sector with respect to the previous month. In December all five PMI sub-indexes rose with respect to the previous month, with the Employment sub-index increasing the most. All of the sub-indexes were above the threshold in December with the exception of the Production sub-index which remained below the threshold for the second consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been above the threshold value in 25 of the 32 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.

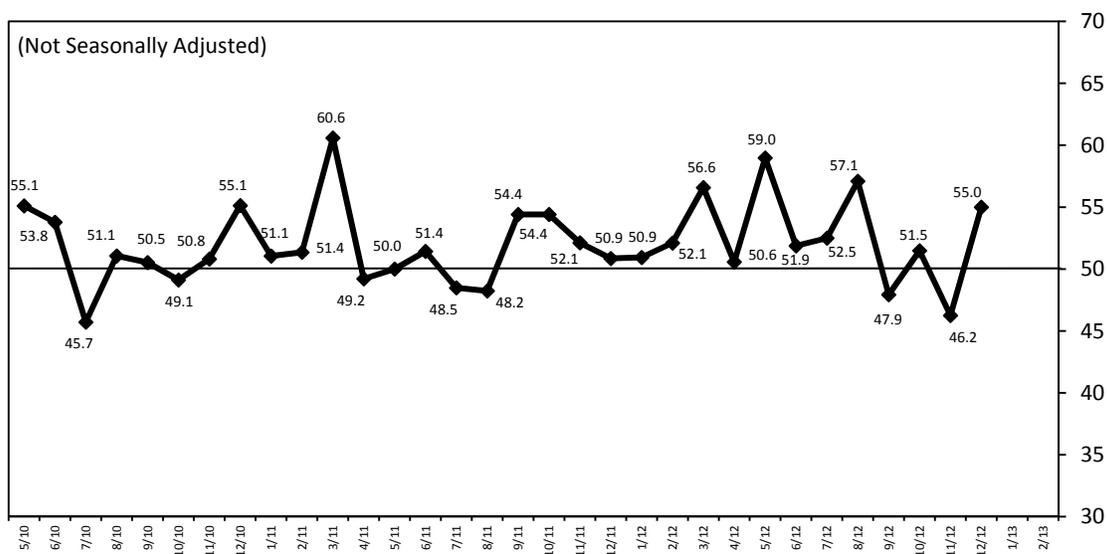


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2012

	Better	Same	Worse	PMI		
Órdenes nuevas	31.2	50	18.8	56.2	Higher	New orders
Producción	21.9	50	28.1	46.9	Lower	Production
Empleo	15.6	84.4	0	57.8	Higher	Employment
Entregas de suplidores	12.5	81.2	6.2	53.1	Slower	Supplier deliveries
Inventarios de su empresa	34.4	53.1	12.5	60.9	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				55	Expansion	

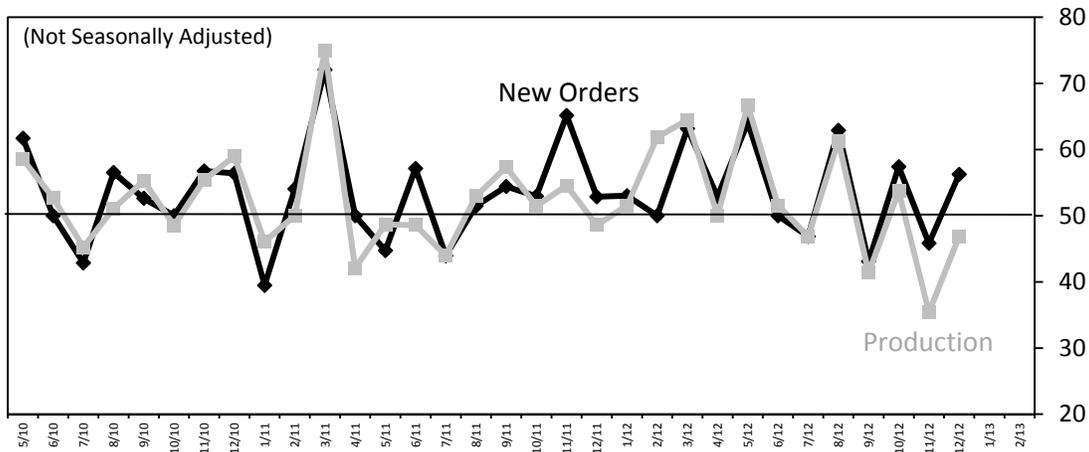
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) rose above the threshold to 56.2. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in December were higher than in November.

Production

The Production PMI (NSA) increased to 46.9 in December remaining below the threshold for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

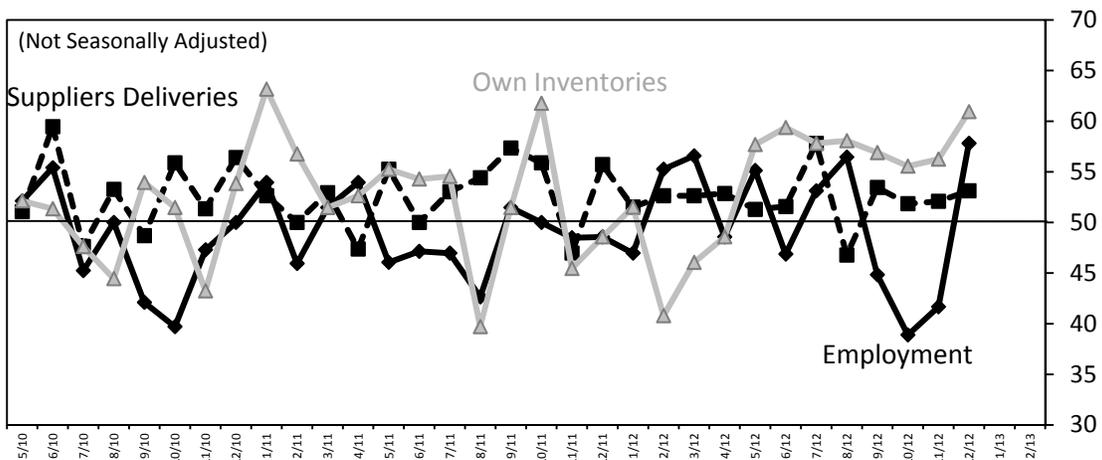


Employment

In November, the Employment PMI (NSA) jumped up above the threshold to 57.8 in December, after being three consecutive months below the threshold. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was higher than in November.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched up to 53.1 in December remaining above the threshold for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supply deliveries in December was slower than in November, suggesting a higher demand for intermediate goods.



Own Inventories

In November, the Own Inventories PMI (NSA) edged up to 60.9 remaining above the threshold for the eighth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were higher than in November.

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