

Purchasing Managers Index of Puerto Rico Manufacturing

April 2011

Transmission of material in this release is embargoed
until 10:00 a.m. (AST) Wednesday, June 1, 2011

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

PURCHASING MANAGERS INDEX FOR MANUFACTURING DECLINED TO 49.2 IN APRIL

After five consecutive months above the threshold, the Purchasing Managers Index of Puerto Rico's manufacturing sector dipped below the threshold to 49.2 in April, on a Non-Seasonally Adjusted (NSA) basis. A reading below the threshold value of 50 suggests a contraction in the manufacturing sector with respect to the previous month. Three of the PMI sub-indexes decreased with respect to March, with Production declining the most. According to one manufacturing establishment the lower number of business days in April affected production. Over the last year, the PMI has remained above the threshold for 9 out of 12 months. The PRM-PMI is currently available only on a Non-Seasonally Adjusted (NSA) basis which means that seasonal fluctuations can affect its performance. See next pages for details.

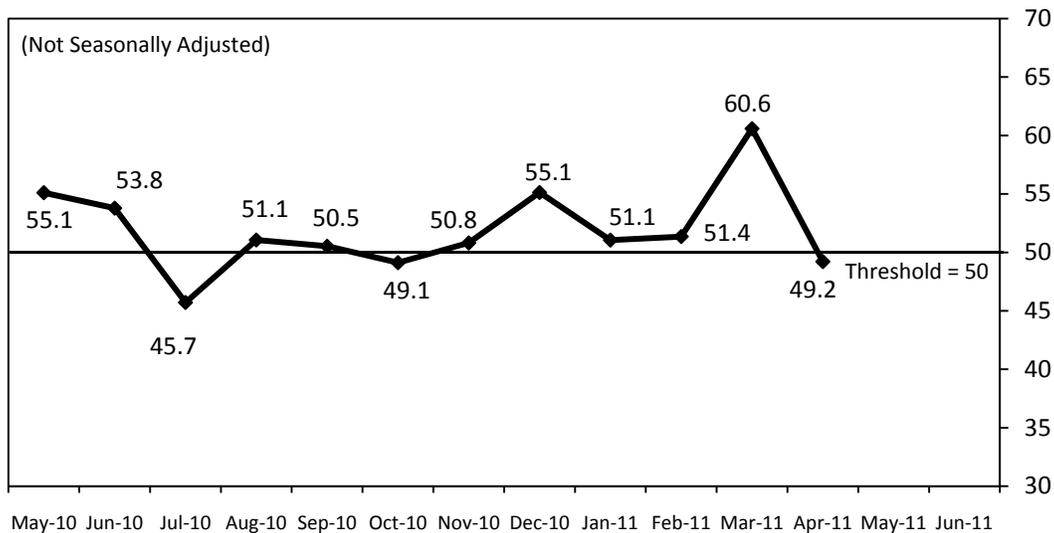


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2011

	Better	Same	Worse	PMI		
Órdenes nuevas	26.3	47.4	26.3	50	Same	New orders
Producción	18.4	47.4	34.2	42.1	Lower	Production
Empleo	21.1	65.8	13.2	53.9	Higher	Employment
Entregas de suplidores	13.2	68.4	18.4	47.4	Faster	Supplier deliveries
Inventarios de su empresa	34.2	36.8	28.9	52.6	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				49.2	Contraction	

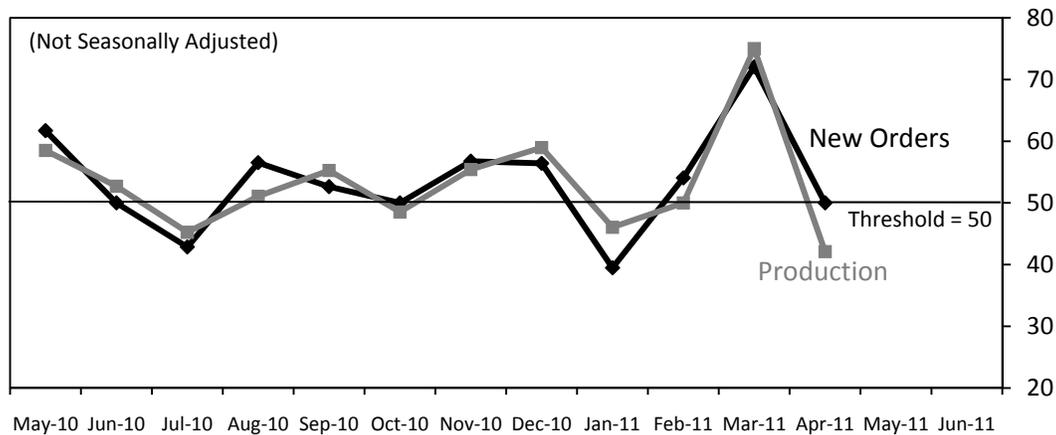
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) fell to the threshold value of 50. A reading of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments stayed the same in April with respect to March.

Production

The Production PMI (NSA) dropped below the threshold in April to 42.1, after surging to its highest level in March. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was lower than in March.



Employment

In April, the Employment PMI (NSA) increased further above the threshold to 53.9. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was higher than in March.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased below the threshold for the first time since October 2010, reaching 47.4 in April. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, the speed of deliveries from suppliers was faster in April than in March. In turn, this may be a sign of lower demand for intermediate goods.



Own Inventories

The Own Inventories PMI moved up to 52.6 in April, remaining above the threshold for the fifth consecutive month. A reading above 50 indicates that inventories in manufacturing establishments were higher in April than in March.

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/Encuestas/Manufactura.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:

Reference month	Publication date
Jan 2011	April 1, 2011
Feb 2011	April 1, 2011
Mar 2011	May 2, 2011
Apr 2011	June 1, 2011
May 2011	July 1, 2011
Jun 2011	August 1, 2011

Reference month	Publication date
Jul 2011	September 1, 2011
Aug 2011	October 3, 2011
Sep 2011	November 1, 2011
Oct 2011	December 1, 2011
Nov 2011	January 2, 2012
Dec 2011	February 1, 2012