

Purchasing Managers Index of Puerto Rico Manufacturing

March 2017

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

PUERTO RICO MANUFACTURING PMI EDGED DOWN TO 47.9 IN MARCH

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 47.9 in March, remaining below the threshold level of 50 for the fifth consecutive month. A reading below the threshold suggests a contraction in the manufacturing sector with respect to the previous month. Most of the sub-indexes decreased between February and March, with the exception of the New Orders sub-index, which jumped over the threshold, after four consecutive months below. The Supplier Deliveries sub-index inched down to 52.1, but remained over the threshold level for the second consecutive month. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 49 of the 83 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.

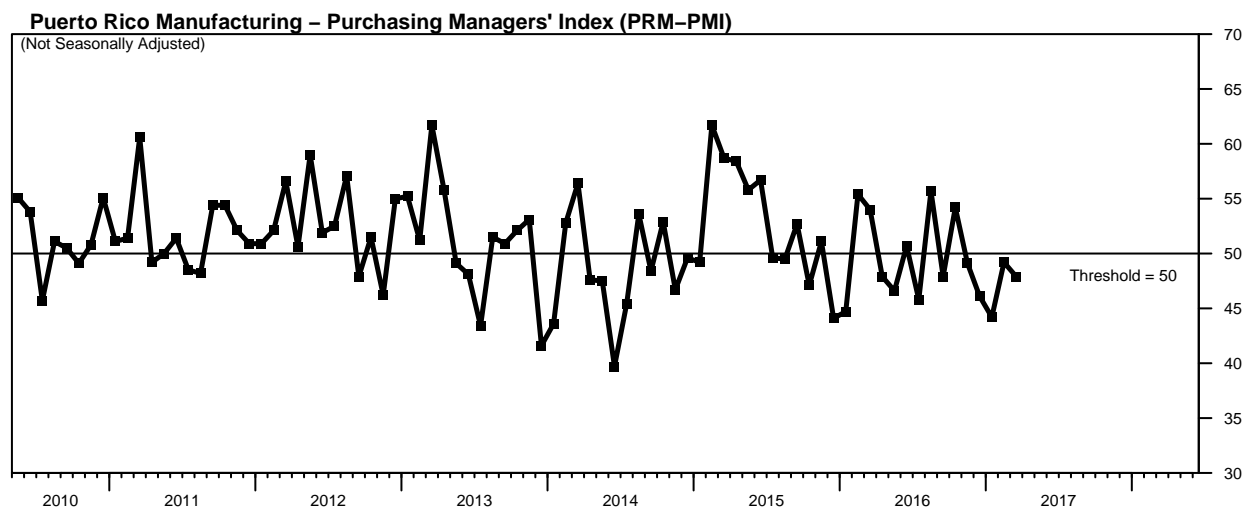


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): March 2017

	Better	Same	Worse	PMI		
Órdenes nuevas	29.2	45.8	25	52.1	Higher	New orders
Producción	33.3	29.2	37.5	47.9	Lower	Production
Empleo	4.2	75	20.8	41.7	Lower	Employment
Entregas de suplidores	12.5	79.2	8.3	52.1	Slower	Supplier deliveries
Inventarios de su empresa	29.2	33.3	37.5	45.8	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.9 Contraction

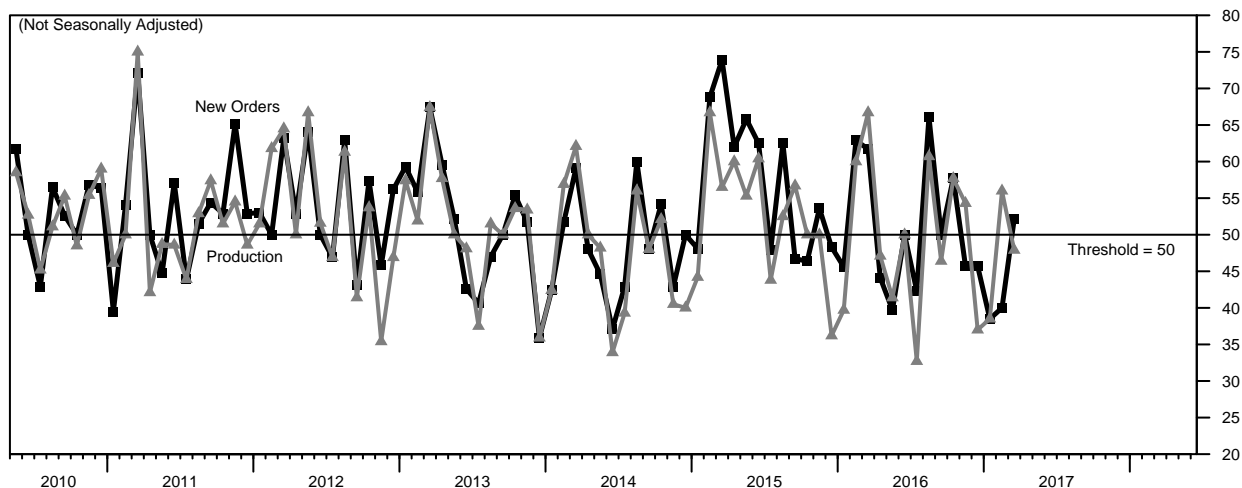
Note: Not Seasonally Adjusted (NSA)

New Orders

In March, the New Orders PMI (NSA) jumped over the threshold to 52.1, after four consecutive months below. 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) declined below the threshold to 47.9 in March. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in March was lower than in February.

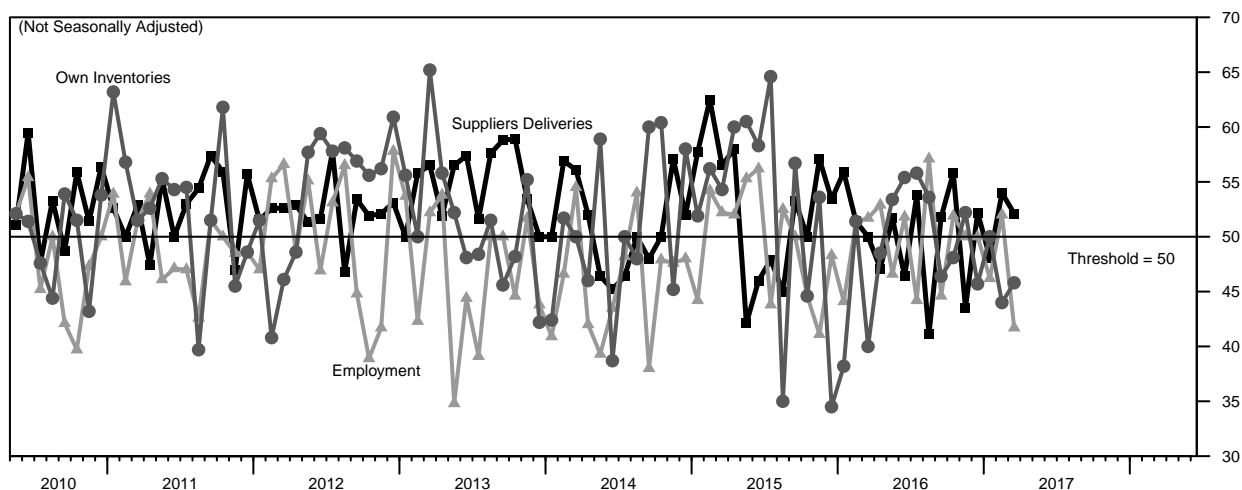


Employment

In March, the Employment PMI (NSA) fell below the threshold to 41.7. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in March was lower than in February.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) inched down to 52.1 in March, but remained over the threshold level for the second 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.



Own Inventories

In March, the Own Inventories PMI (NSA) edged up to 45.8, but remained below the threshold for the second consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in March were lower 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 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/ManufaturaPMI.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-16	January 4, 2017
Dec-16	February 1, 2017
Jan-17	March 1, 2017
Feb-17	April 3, 2017
Mar-17	May 1, 2017
Apr-17	June 1, 2017

Reference month	Publication date
May-17	July 3, 2017
Jun-17	August 1, 2017
Jul-17	September 1, 2017
Aug-17	October 2, 2017
Sep-17	November 1, 2017
Oct-17	December 1, 2017