

Purchasing Managers Index of Puerto Rico Manufacturing

AUGUST 2024



PUERTO RICO MANUFACTURING PMI DECREASED TO 43.5 IN AUGUST

The Purchasing Managers Index (PMI) for Puerto Rico’s manufacturing sector is a collaborative effort between the Puerto Rico Manufacturers Association and the Puerto Rico Institute of Statistics. The Purchasing Managers Index (PMI) for Puerto Rico’s manufacturing sector decreased to 43.5 in August 2024. A reading below the threshold of 50 suggests a contraction in the manufacturing sector with respect to the previous month. Employment and Suppliers Deliveries were above the threshold level of 50. In a supplemental survey of manufacturing establishments, the biggest challenges faced by companies during the past month were: utilities (unreliable utilities 43%, high energy costs 14%), operations (sales 21%, shortage of raw materials 7%, cost of transportation 7%), and human resources (employment 14%, absenteeism 14%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 107 of the 171 months since the survey was first undertaken.

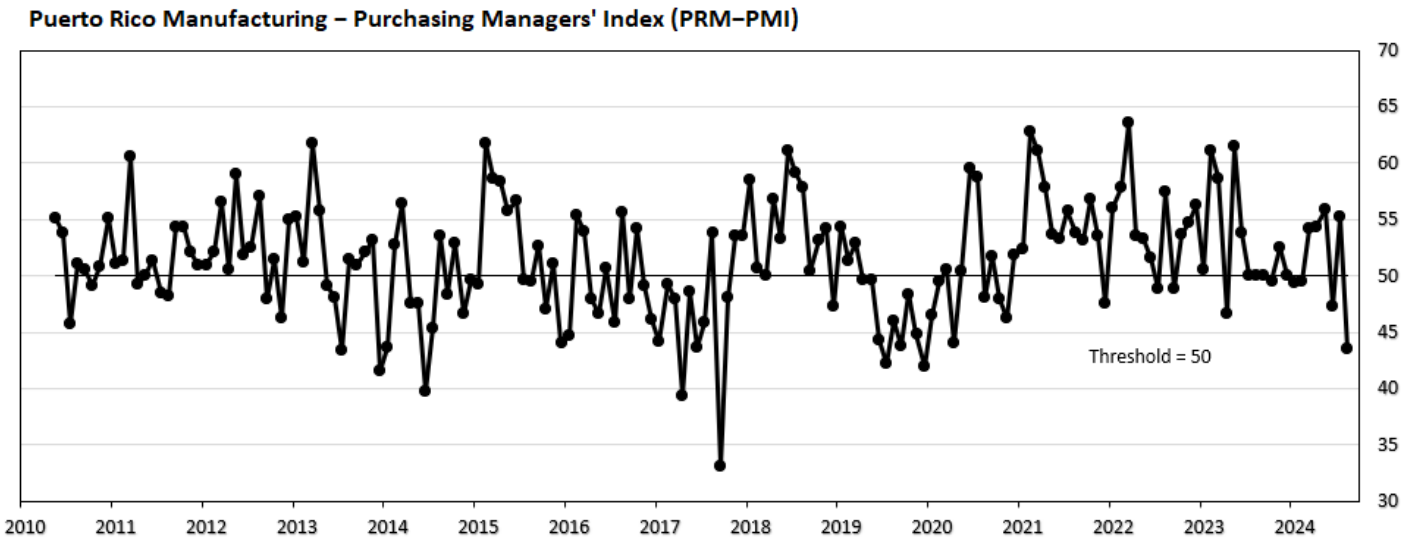


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index: August 2024

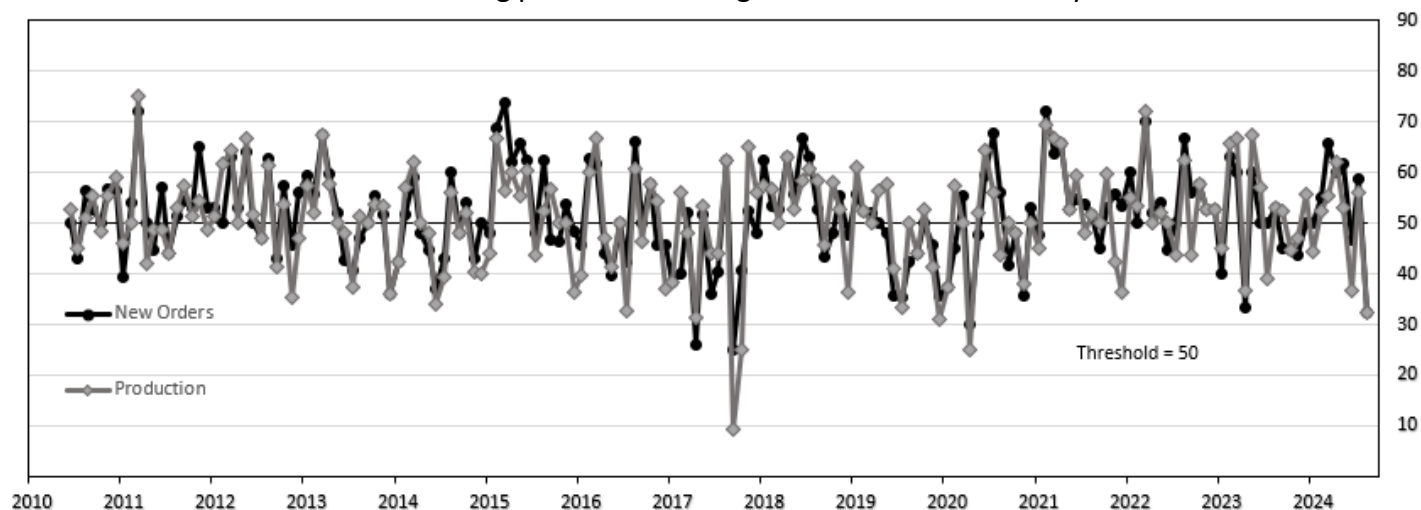
	Better	Same	Worse	Index		
New orders	5.9	52.9	41.2	32.4	Lower	Órdenes nuevas
Production	5.9	52.9	41.2	32.4	Lower	Producción
Employment	11.8	82.4	5.9	52.9	Higher	Empleo
Supplier deliveries	11.8	82.4	5.9	52.9	Slower	Entregas de suplidores
Own inventories	17.6	58.8	23.5	47.1	Lower	Inventarios de su empresa
Puerto Rico Manufacturing – Purchasing Managers Index				43.5	Contraction	

New Orders

In August, the New Orders PMI decreased to 32.4, after being above the threshold last month. A reading below 50 suggests that new orders at manufacturing establishments in August were lower than in July.

Production

The Production PMI decreased to 32.4 in August, after being above the threshold the previous month. A reading below 50 indicates that manufacturing production in August was lower than in July.

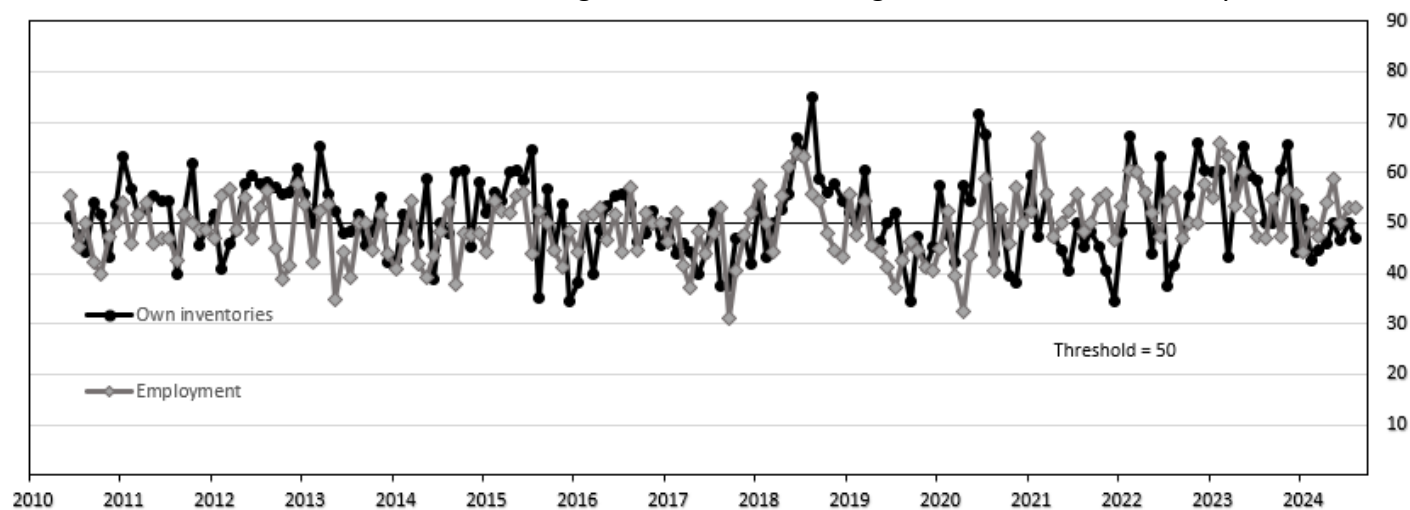


Employment

In August, the Employment PMI remained the same at 52.9, staying at or above the threshold for five consecutive months. A reading above 50 suggests that manufacturing employment in August was higher than in July.

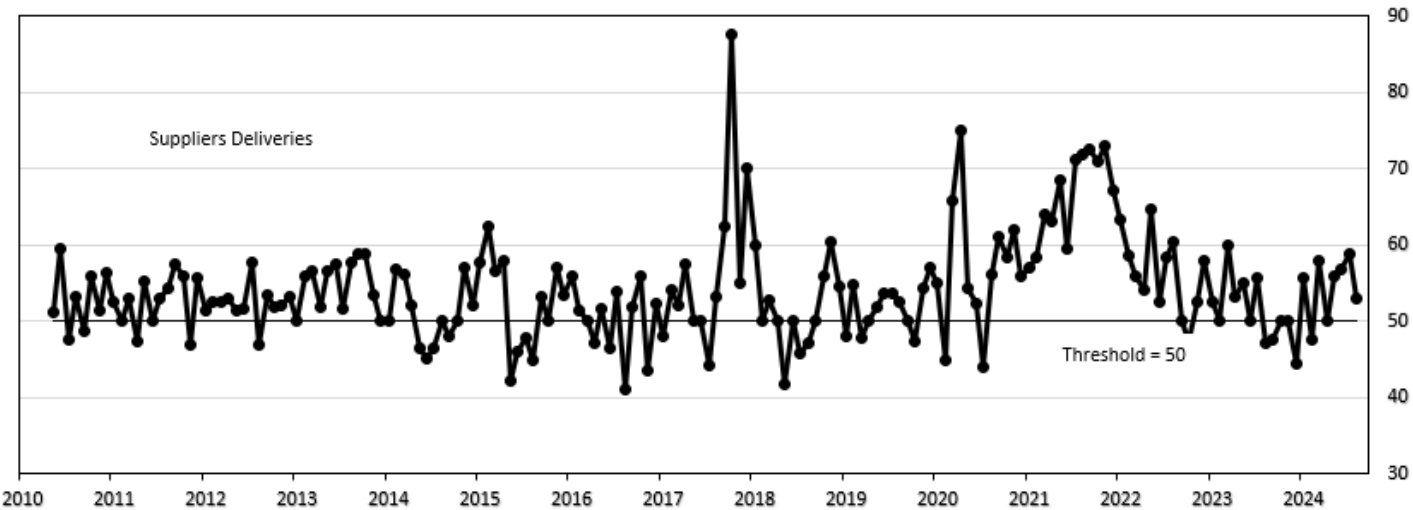
Own Inventories

In August, the Own Inventories PMI decreased to 47.1, after being at the threshold last month. A reading below 50 indicates that inventories in manufacturing establishments in August were lower than in July.



Supplier Deliveries

The Supplier Deliveries PMI decreased to 52.9 in August, staying at or above the threshold for six consecutive months. A reading above 50 suggests that the speed of supplier deliveries in August was slower than in July.



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-term business conditions in Puerto Rico's manufacturing sector and provides a broad-based metric for the productive side of Puerto Rico's economy. The methodology is similar to PMI surveys conducted elsewhere. The survey questionnaire is available at <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>. 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. The Puerto Rico Institute of Statistics conducted tests to assess the need for seasonal adjustment, and at present, the series does not require it.

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. Specifically, 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. Responses that indicate the business condition deteriorated are not taken into account in calculating diffusion indexes. 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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Contact information

Contact person: Dr. Ronald Hernández Maldonado, Statistical Project Manager; Leyda Inés Soto López, Statistical Project Assistant
Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919
Telephones: Direct – (787) 819-0730; E-mail – ronald.hernandez@estadisticas.pr ; leyda.soto@estadisticas.pr

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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 2024:

Reference month	Publication date
Nov-23	January 3, 2024
Dec-23	February 1, 2024
Jan-24	March 4, 2024
Feb-24	April 1, 2024
Mar-24	May 1, 2024
Apr-24	June 3, 2024

Reference month	Publication date
May-24	July 1, 2024
Jun-24	August 1, 2024
Jul-24	September 3, 2024
Aug-24	October 1, 2024
Sep-24	November 4, 2024
Oct-24	December 2, 2024