

Purchasing Managers Index of Puerto Rico Manufacturing

January 2023



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PUERTO RICO MANUFACTURING PMI DECREASED TO 50.5 IN JANUARY

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. On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 50.5 in January 2023. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All sub-indexes decreased with respect to the previous month. On a positive note, Employment, Suppliers Deliveries and Own inventories were at or above the threshold level of 50. In a supplemental survey of manufacturing establishments, the biggest challenges faced by companies during the past month were: in operations (shortage of raw material 38%, costs 15%, supply chain logistics 15%, lead times 8%, maintenance and repair of machinery and equipment 8%), human resources (employment 31%, absenteeism 8%) and utilities (unreliable utilities 8%, high energy costs 8%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 94 of the 152 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.

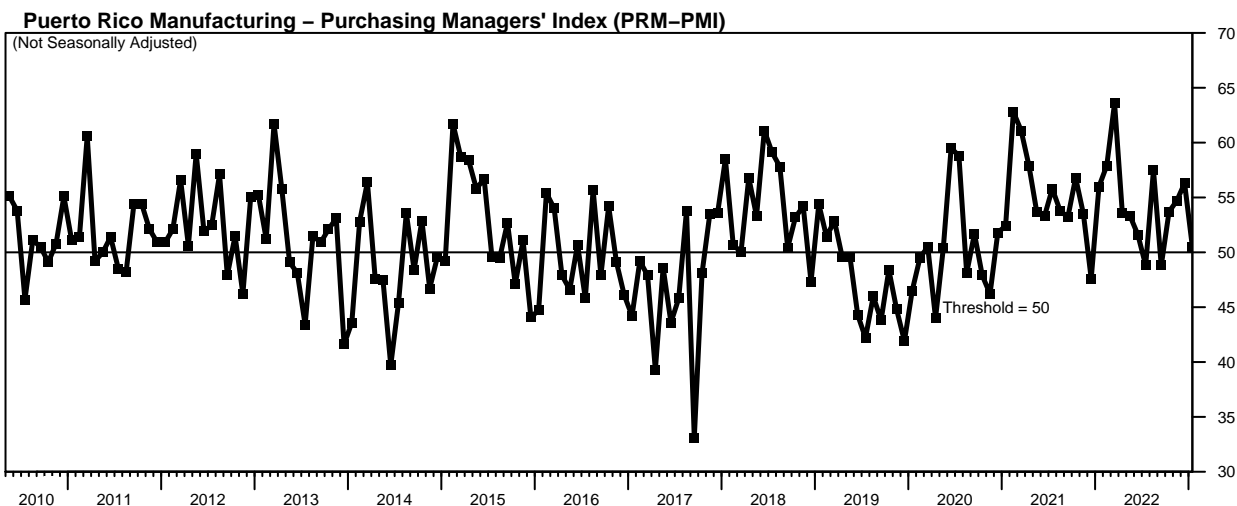


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2023

	Better	Same	Worse	Index		
Órdenes nuevas	10	60	30	40	Lower	New orders
Producción	15	60	25	45	Lower	Production
Empleo	15	80	5	55	Higher	Employment
Entregas de suplidores	10	85	5	52.5	Slower	Supplier deliveries
Inventarios de su empresa	35	50	15	60	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				50.5	Expansion	

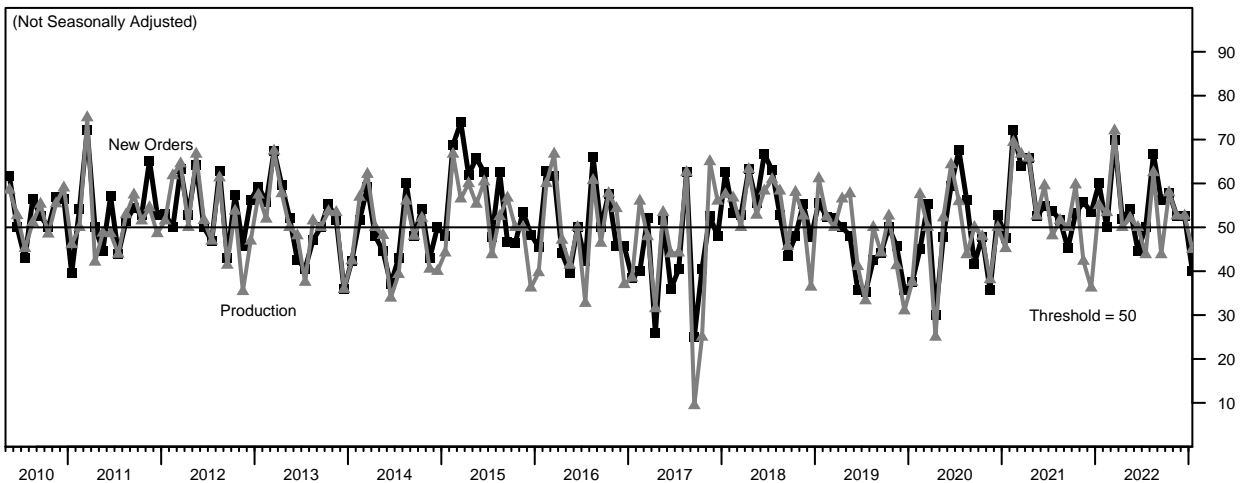
Note: Not Seasonally Adjusted (NSA)

New Orders

In January, the New Orders PMI (NSA) decreased to 40.0, after being at or above the threshold for six consecutive months. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in January were lower than in December.

Production

The Production PMI (NSA) decreased to 45.0 in January, after being above the threshold for three consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was lower than in December.

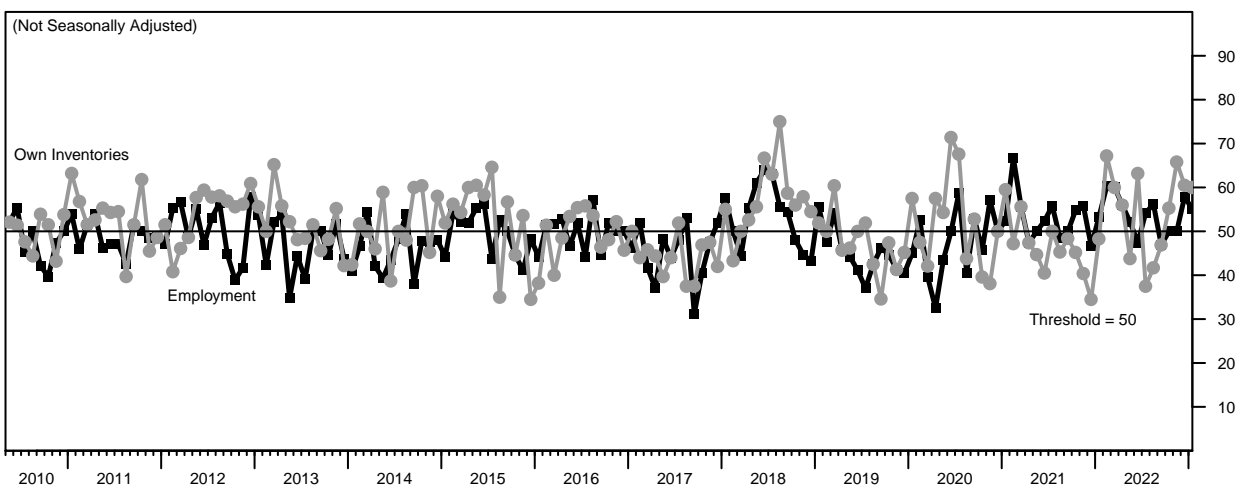


Employment

In January, the Employment PMI (NSA) decreased to 55.0, staying at or above the threshold for four consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was higher than in December.

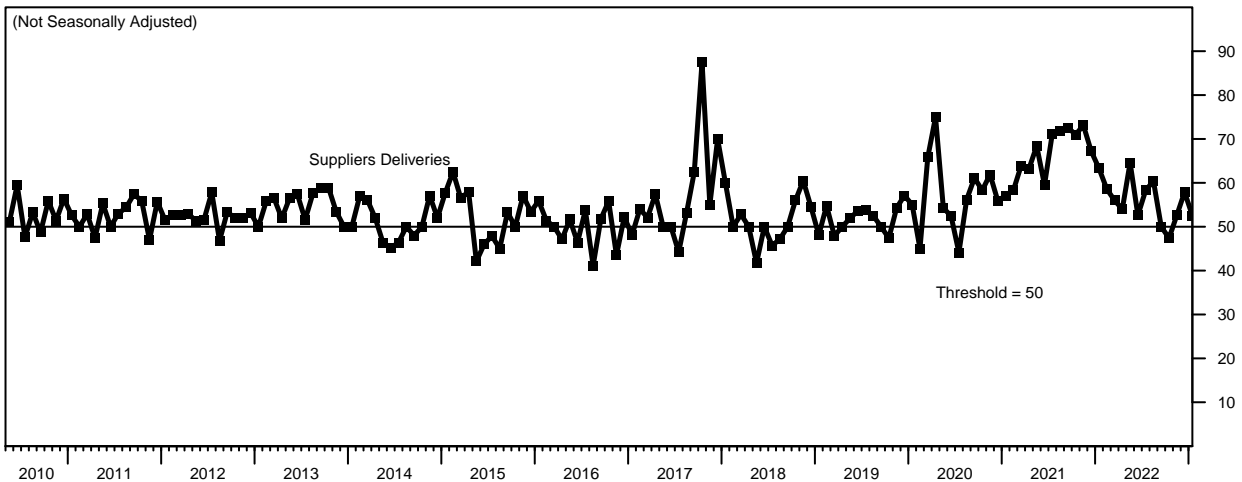
Own Inventories

In January, the Own Inventories PMI (NSA) decreased to 60.0, staying above the threshold for four consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were higher than in December.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 52.5 in January, staying above the threshold for three consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in January was lower than in December.



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 <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. 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 any 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. 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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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 2022:

Reference month	Publication date
Nov-22	January 10, 2023
Dec-22	February 2, 2023
Jan-23	March 2, 2023
Feb-23	April 3, 2023
Mar-23	May 1, 2023
Apr-23	June 1, 2023

Reference month	Publication date
May-23	July 6, 2023
Jun-23	August 2, 2023
Jul-23	September 6, 2023
Aug-23	October 2, 2023
Sep-23	November 2, 2023
Oct-23	December 4, 2023