

# Purchasing Managers Index of Puerto Rico Manufacturing

MAY 2023



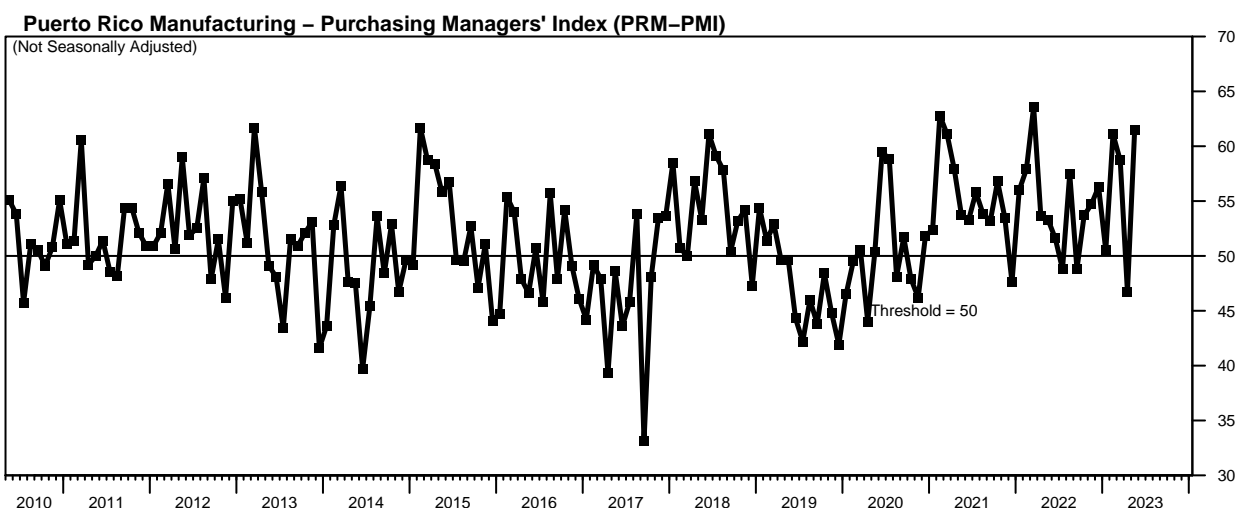
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## PUERTO RICO MANUFACTURING PMI INCREASED TO 61.5 IN MAY

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 increased to 61.5 in May 2023. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes increased with respect to the previous month and 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: in operations (sales 19%, shortage of raw material 13%, cost of materials 13%, lead times 6%), human resources (employment 31%, absenteeism 19%, turnover 6%), and utilities (high energy costs 6%, unreliable utilities 6%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 97 of the 156 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): May 2023**

	Better	Same	Worse	Index		
Órdenes nuevas	35	50	15	60	Higher	New orders
Producción	40	55	5	67.5	Higher	Production
Empleo	25	70	5	60	Higher	Employment
Entregas de suplidores	15	80	5	55	Slower	Supplier deliveries
Inventarios de su empresa	40	50	10	65	Higher	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>61.5</b>	<b>Expansion</b>	

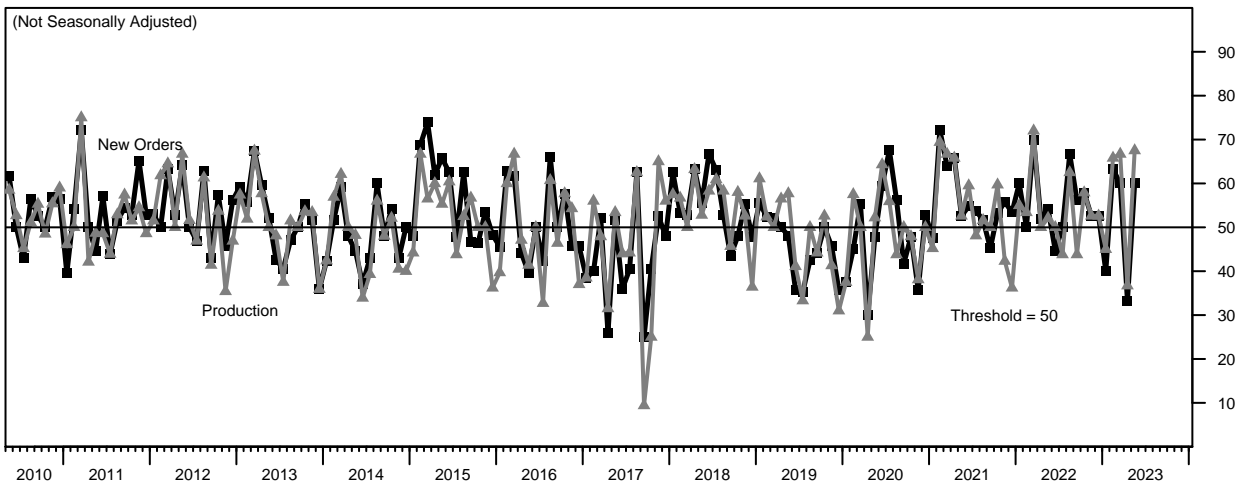
Note: Not Seasonally Adjusted (NSA)

## New Orders

In May, the New Orders PMI (NSA) increased to 60.0, after being below the threshold in the previous month. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in May were higher than in April.

## Production

The Production PMI (NSA) increased to 67.5 in May, after being below the threshold in the previous month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May was higher than in April.

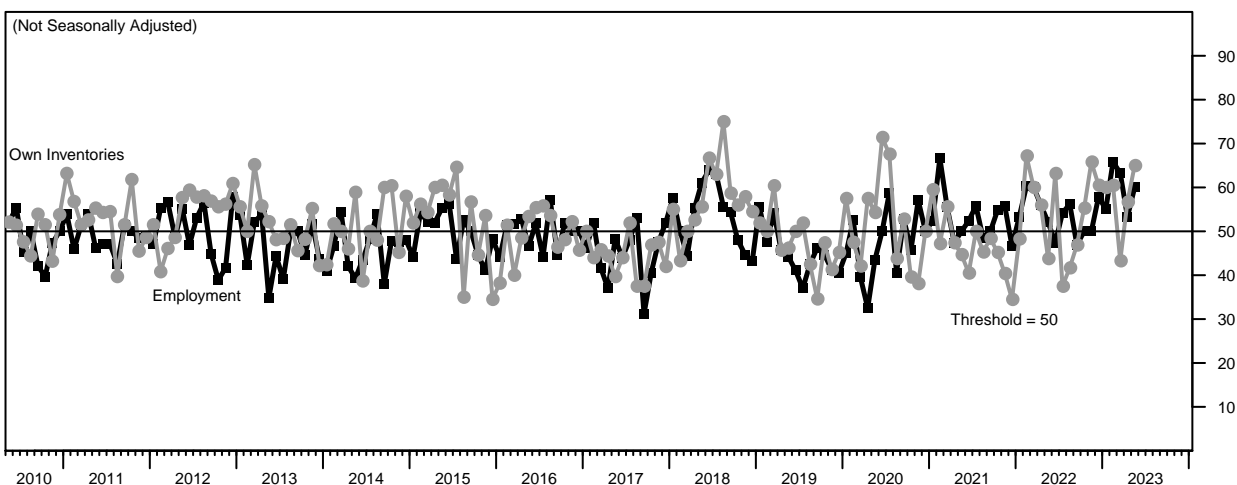


## Employment

In May, the Employment PMI (NSA) increased to 60.0, staying at or above the threshold for eight consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was higher than in April.

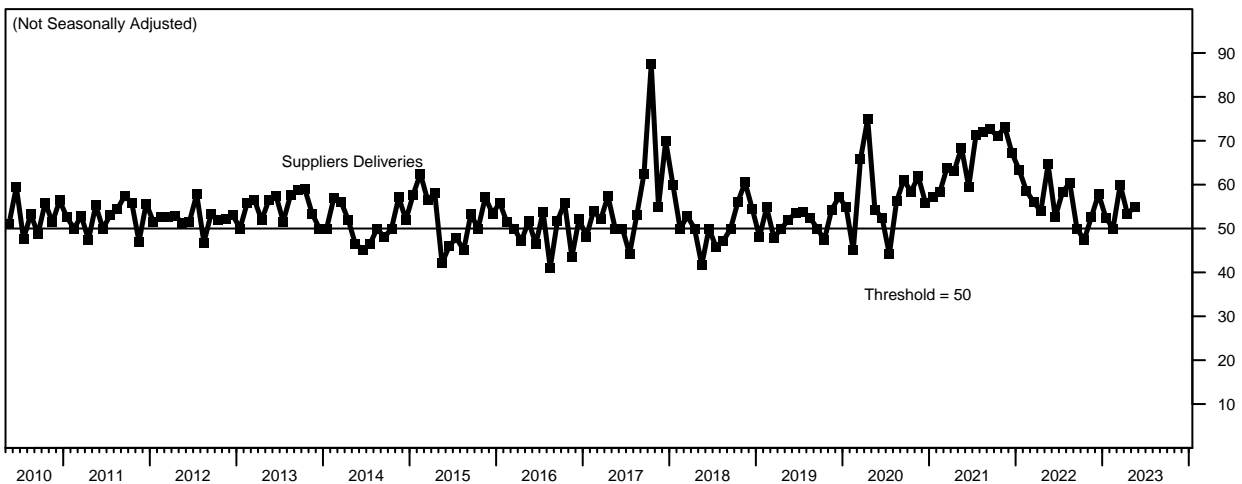
## Own Inventories

In May, the Own Inventories PMI (NSA) increased to 65.0, staying above threshold for two consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were higher than in April.



## Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 55.0 in May, staying at or above the threshold for seven consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in May was lower than in April.



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### 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 2023:

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