

Purchasing Managers Index of Puerto Rico Manufacturing

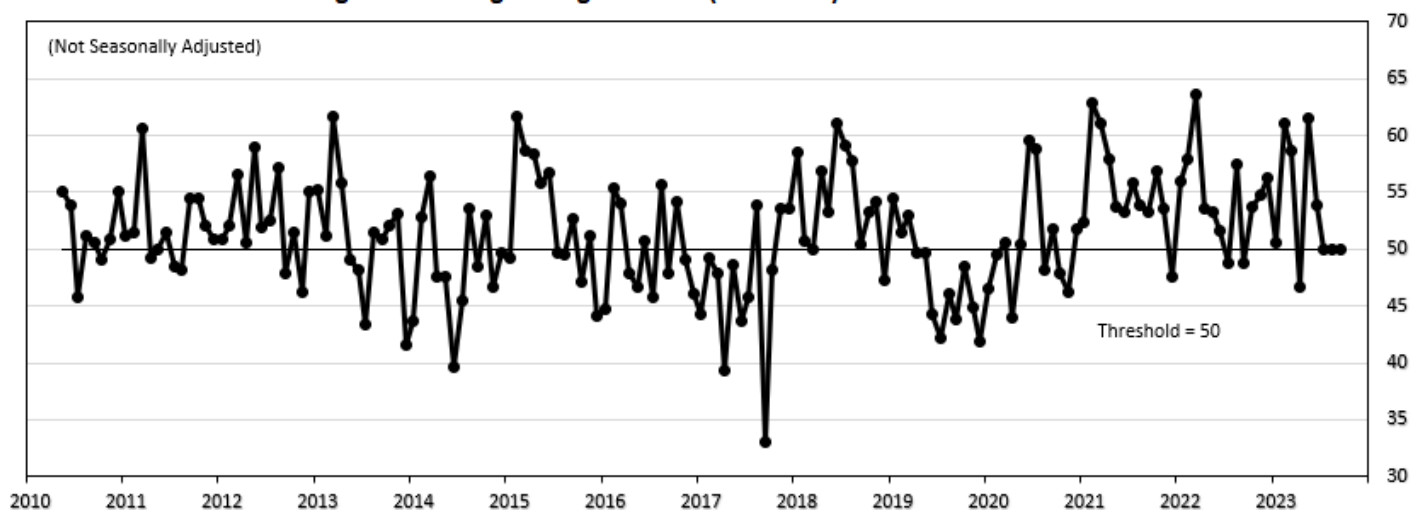
SEPTEMBER 2023



PUERTO RICO MANUFACTURING PMI REMAINED AT 50.0 IN SEPTEMBER

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 remained the same in September 2023. A reading of 50 suggests that business conditions remained the same in the manufacturing sector with respect to the previous month. Supplier deliveries and Employment sub-indexes increased with respect to the previous month. In a supplemental survey of manufacturing establishments, the biggest challenges faced by companies during the past month were: in operations (sales 14%, supply chain logistics 7%, cost of materials 7%, cost of transportation 7%), human resources (employment 50%, absenteeism 14%, turnover 7%), and utilities (unreliable utilities 7%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 101 of the 160 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.

Puerto Rico Manufacturing – Purchasing Managers' Index (PRM-PMI)



Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2023

	Better	Same	Worse	Index		
Órdenes nuevas	14.3	61.9	23.8	45.2	Lower	New orders
Producción	23.8	57.1	19.0	52.4	Higher	Production
Empleo	9.5	90.5	0.0	54.8	Higher	Employment
Entregas de suplidores	4.8	85.7	9.5	47.6	Faster	Supplier deliveries
Inventarios de su empresa	19.0	61.9	19.0	50.0	Same	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) **50.0** **Same**

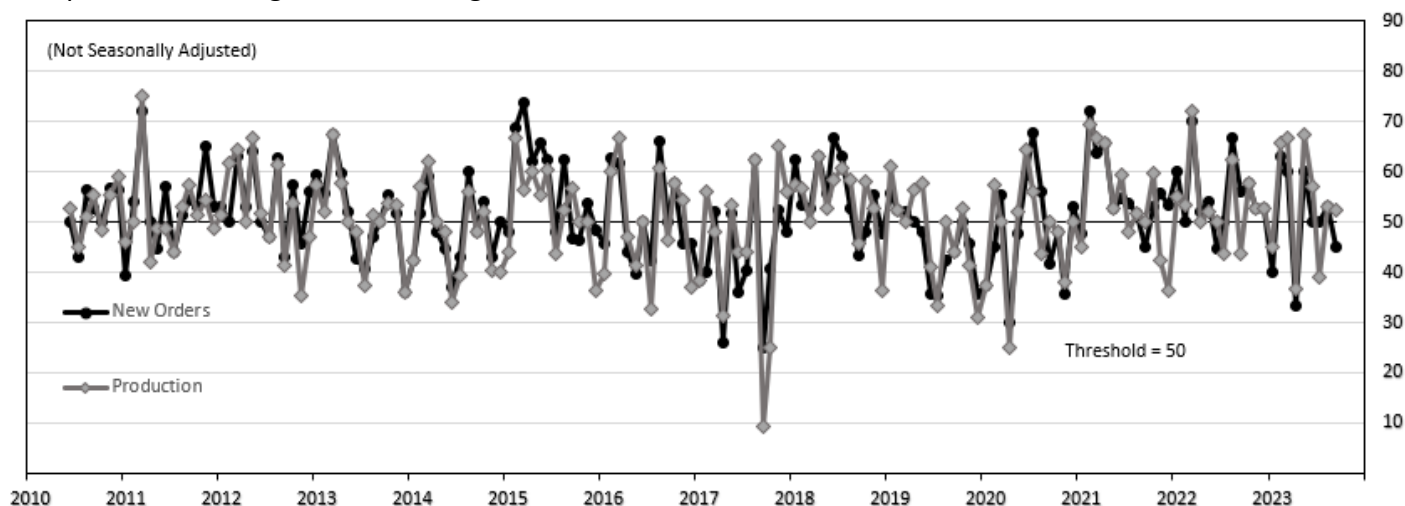
Note: Not Seasonally Adjusted (NSA)

New Orders

In September, the New Orders PMI (NSA) decreased to 45.2, after being at or above the threshold for four consecutive months. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in September were lower than in August.

Production

The Production PMI (NSA) decreased to 52.4 in September, staying above the threshold for two consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was higher than in August.

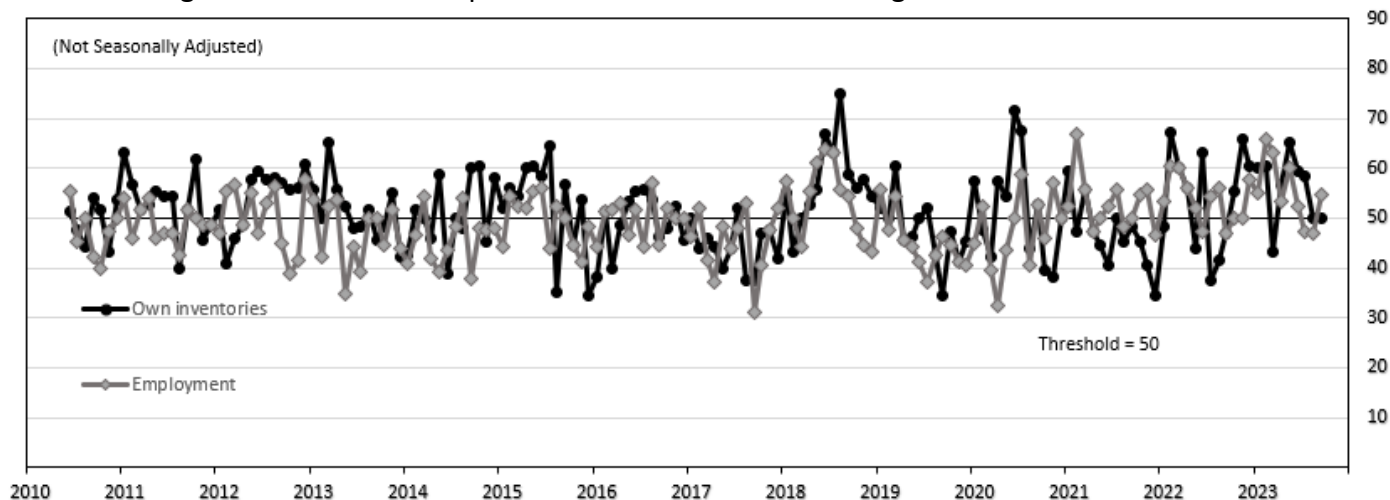


Employment

In September, the Employment PMI (NSA) increased to 54.8, after being below the threshold for two consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was higher than in August.

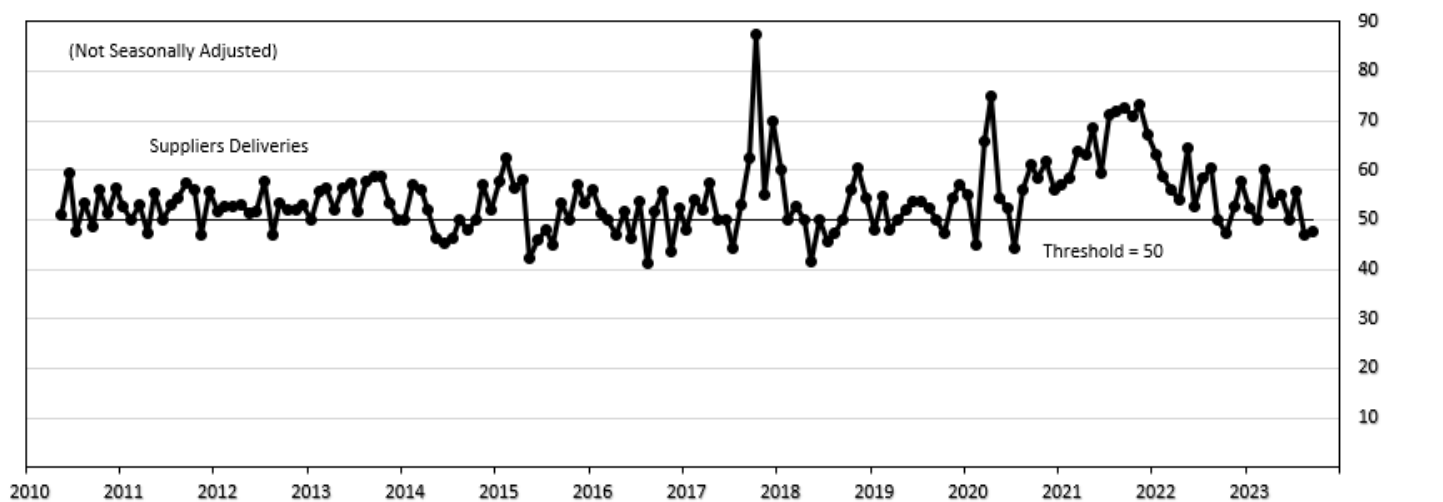
Own Inventories

In September, the Own Inventories PMI (NSA) remained the same at 50.0, staying at or above the threshold for six consecutive months. A reading at 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were the same as in August.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 47.6 in September, staying below the threshold for two consecutive months. A reading below the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in September was faster than in August.



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