

Purchasing Managers Index of Puerto Rico Manufacturing

DECEMBER 2023



PUERTO RICO MANUFACTURING PMI DECREASED TO 50.0 IN DECEMBER

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 50.0 in December 2023. A reading of 50 suggests that business conditions remained the same in the manufacturing sector with respect to the previous month. Production and New Orders sub-indexes increased with respect to the previous month. New Orders, Production and Employment 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 human resources (employment 33%, turnover 25%, absenteeism 17%), operations (cost of transportation 25%, suppliers deliveries 17%, shortage of raw materials 8%, sales 8%, cost of materials 8%), utilities (high energy costs 8%) and external factors (severe weather events 17%, changes in consumer preferences 8%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 103 of the 163 months since the survey was first undertaken.

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

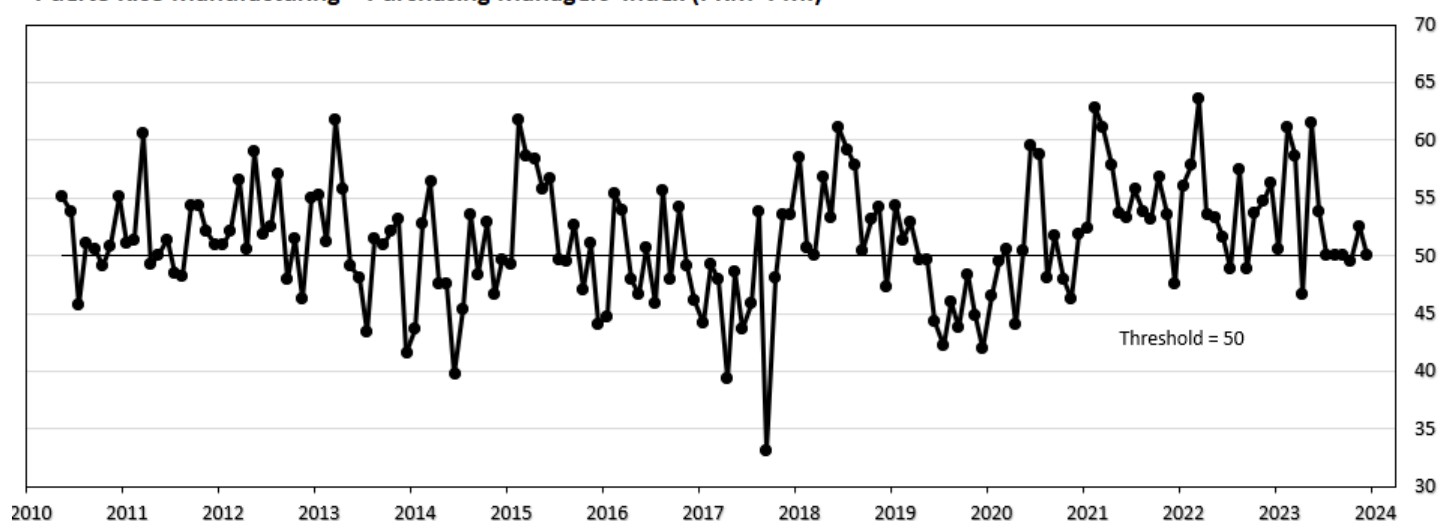


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index: December 2023

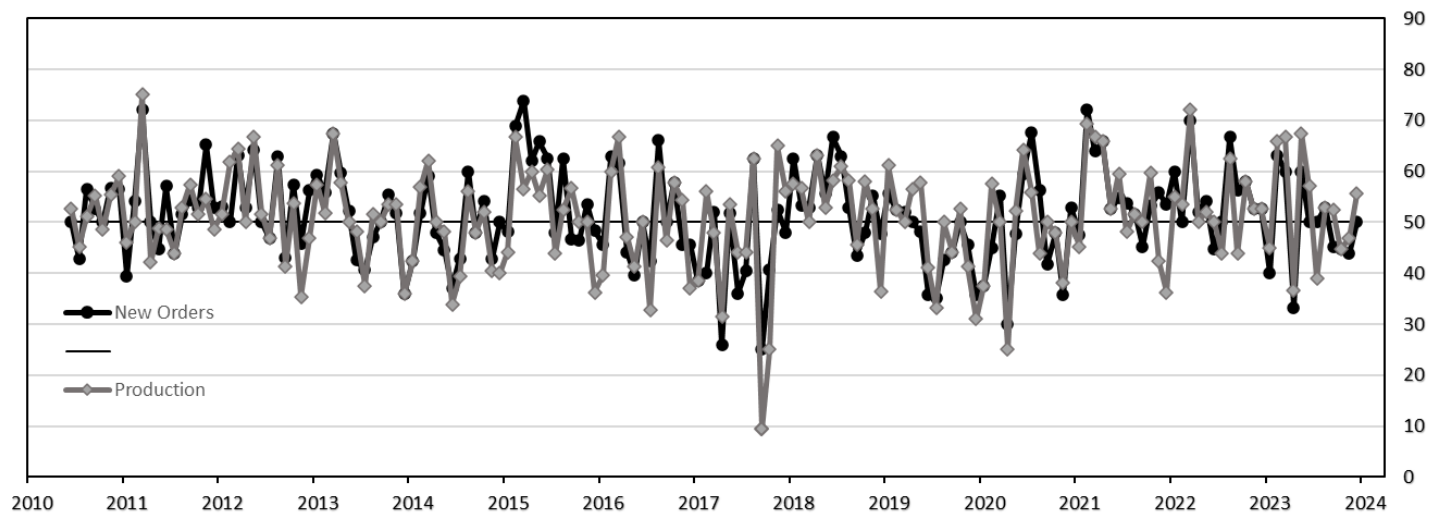
	Better	Same	Worse	Index		
Órdenes nuevas	27.8	44.4	27.8	50.0	Same	New orders
Producción	33.3	44.4	22.2	55.6	Higher	Production
Empleo	11.1	88.9	0.0	55.6	Higher	Employment
Entregas de suplidores	5.6	77.8	16.7	44.4	Faster	Supplier deliveries
Inventarios de su empresa	22.2	44.4	33.3	44.4	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index				50.0	Same	

New Orders

In December, the New Orders PMI increased to 50.0, after being below the threshold for three consecutive months. A reading at 50 suggests that new orders at manufacturing establishments in December were the same as in November.

Production

The Production PMI increased to 55.6 in December, after being below the threshold for two consecutive months. A reading above 50 indicates that manufacturing production in December was higher than in November.

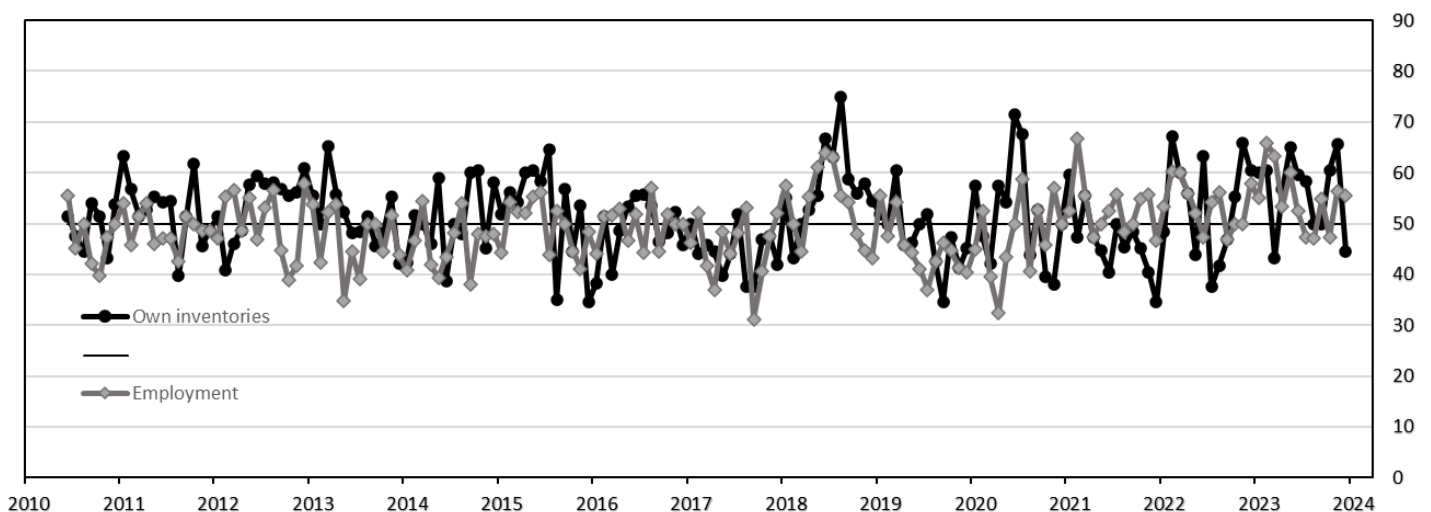


Employment

In December, the Employment PMI decreased to 55.6, staying above the threshold for two consecutive months. A reading above 50 suggests that manufacturing employment in December was higher than in November.

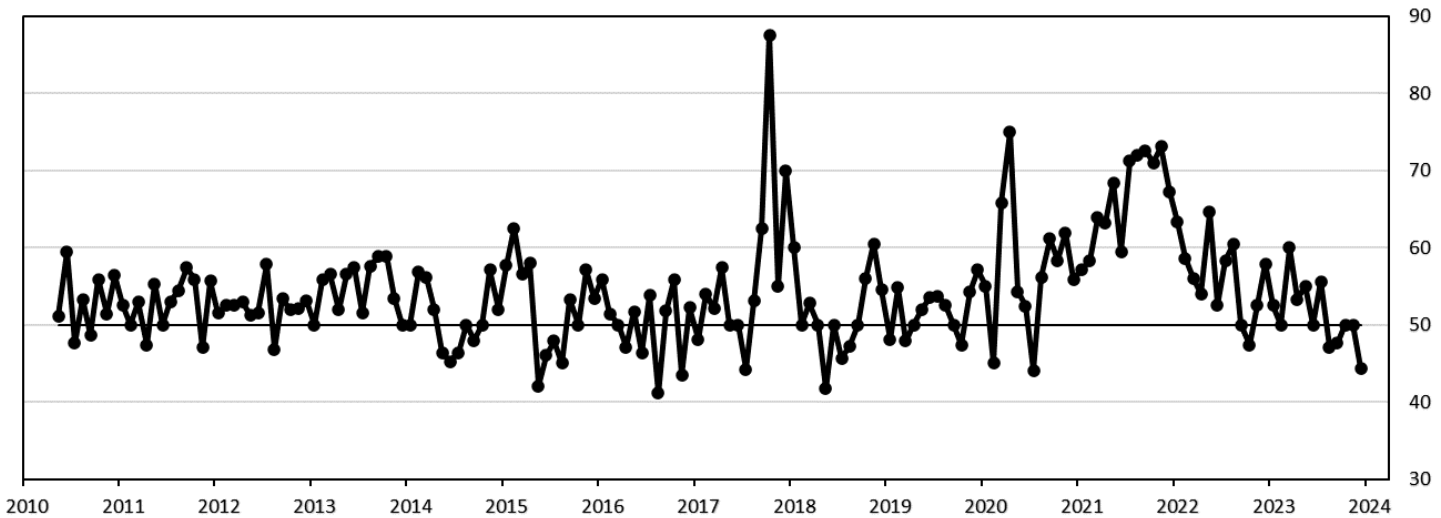
Own Inventories

In December, the Own Inventories PMI decreased to 44.4, after being at or above the threshold for eight consecutive months. A reading below 50 indicates that inventories in manufacturing establishments in December were lower than in November.



Supplier Deliveries

The Supplier Deliveries PMI decreased to 44.4 in December, after being at the threshold for two consecutive months. A reading below 50 suggests that the speed of supplier deliveries in December was faster than in November.



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. 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. 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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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