

Purchasing Managers Index of Puerto Rico Manufacturing

OCTOBER 2023



PUERTO RICO MANUFACTURING PMI DECREASED TO 49.5 IN OCTOBER

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 49.5 in October 2023. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. New orders, Production and Employment sub-indexes decreased with respect to the previous month. Supplier 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 human resources (employment 43%, turnover 14%, absenteeism 7%), operations (suppliers deliveries 21%, sales 14%, cost of transportation 14%), and utilities (unreliable utilities 7%, high energy costs 7%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 101 of the 161 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)

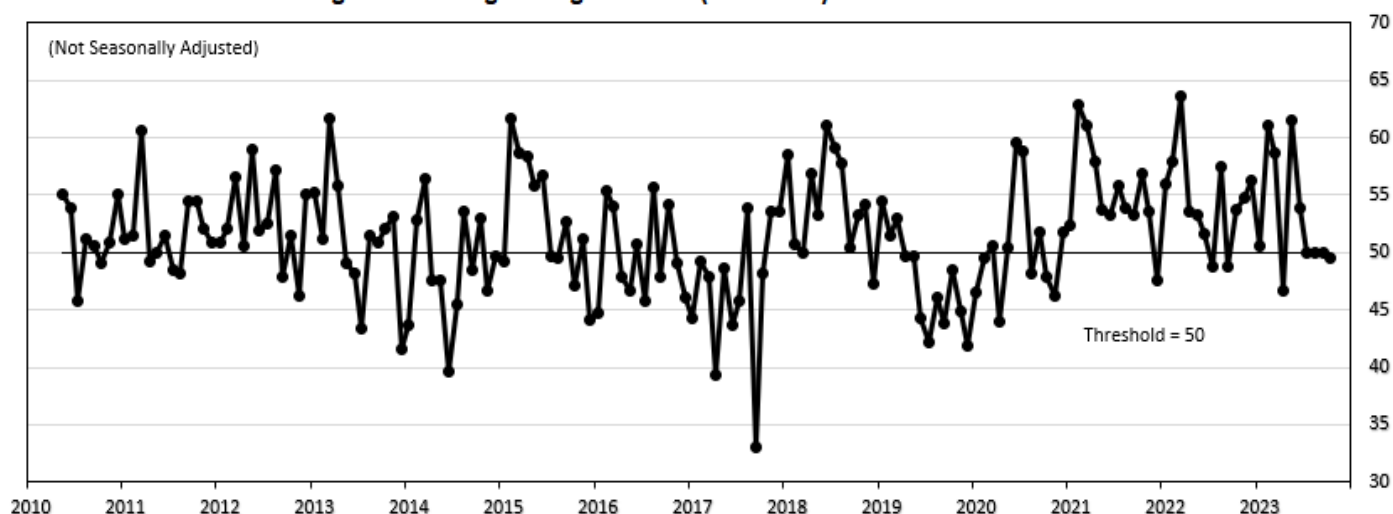


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): October 2023

	Better	Same	Worse	Index		
Órdenes nuevas	15.8	57.9	26.3	44.7	Lower	New orders
Producción	15.8	57.9	26.3	44.7	Lower	Production
Empleo	5.3	84.2	10.5	47.4	Lower	Employment
Entregas de suplidores	5.3	89.5	5.3	50.0	Same	Supplier deliveries
Inventarios de su empresa	36.8	47.4	15.8	60.5	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				49.5	Lower	

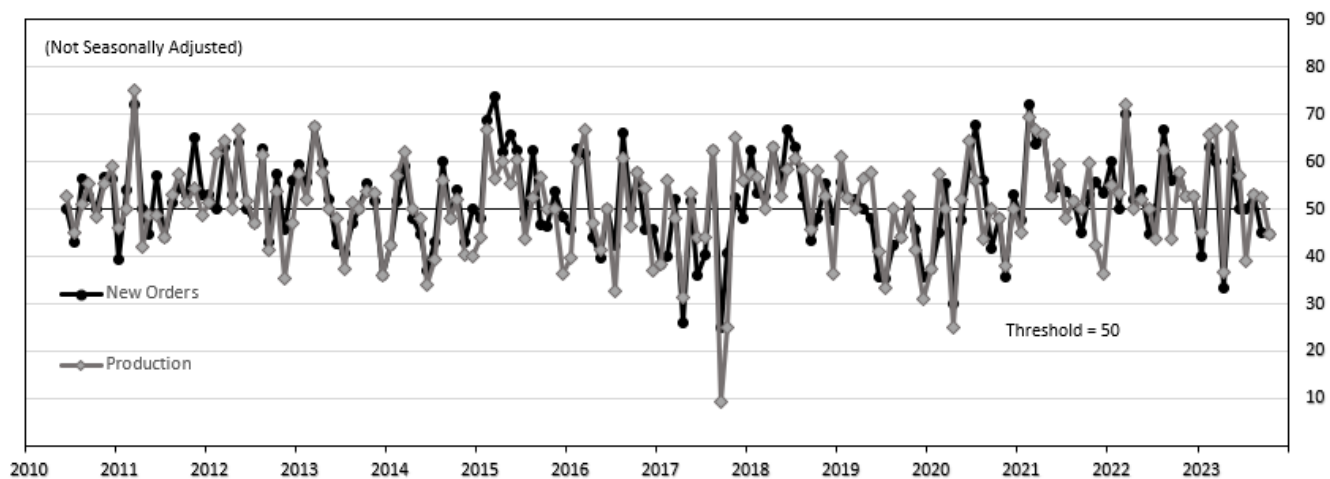
Note: Not Seasonally Adjusted (NSA)

New Orders

In October, the New Orders PMI (NSA) decreased to 44.7, staying below the threshold for two consecutive months. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were lower than in September.

Production

The Production PMI (NSA) decreased to 44.7 in October after being above the threshold for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was lower than in September.

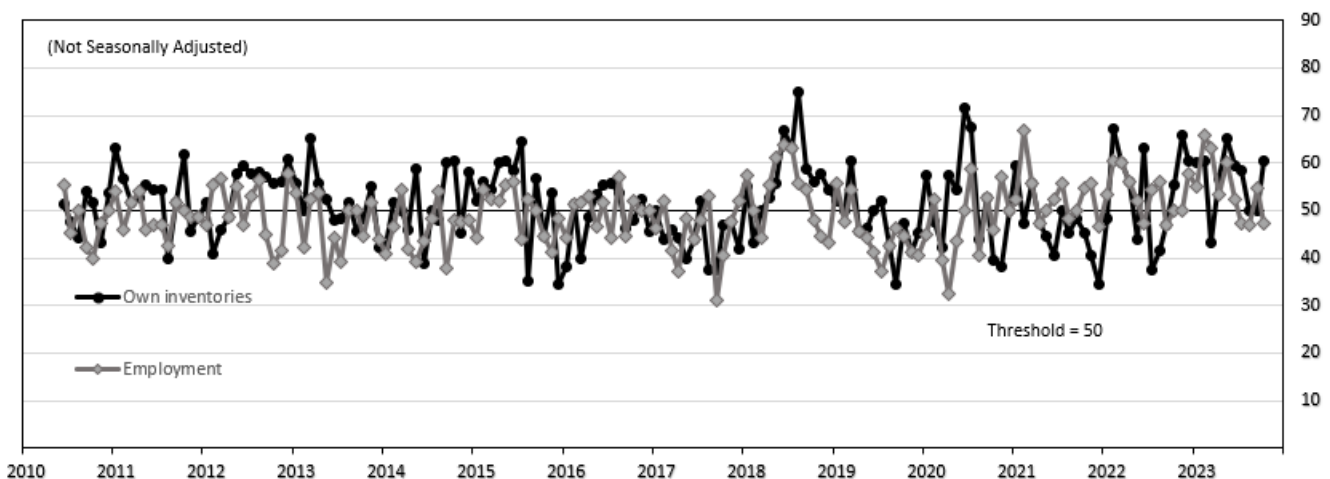


Employment

In October, the Employment PMI (NSA) decreased to 47.4, after being above the threshold in the previous month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was lower than in September.

Own Inventories

In October, the Own Inventories PMI (NSA) increased to 60.5, staying at or above the threshold for seven consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October were higher than in September.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 50.0 in October, after being below the threshold for two consecutive months. A reading at 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in October was the same as in September.



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