

Purchasing Managers Index of Puerto Rico Manufacturing

April 2023



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PUERTO RICO MANUFACTURING PMI DECREASED TO 46.7 IN APRIL

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 46.7 in April 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, Employment and Supplier Deliveries sub-indexes decreased with respect to the previous month. On a positive note, Employment, Supplier Deliveries and Own inventories 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 (shortage of raw material 21%, sales 14%, cost of materials 14%, supplier deliveries 7%), human resources (employment 36%, absenteeism 14%) and utilities (high energy costs 7%, unreliable utilities 7%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 96 of the 155 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.

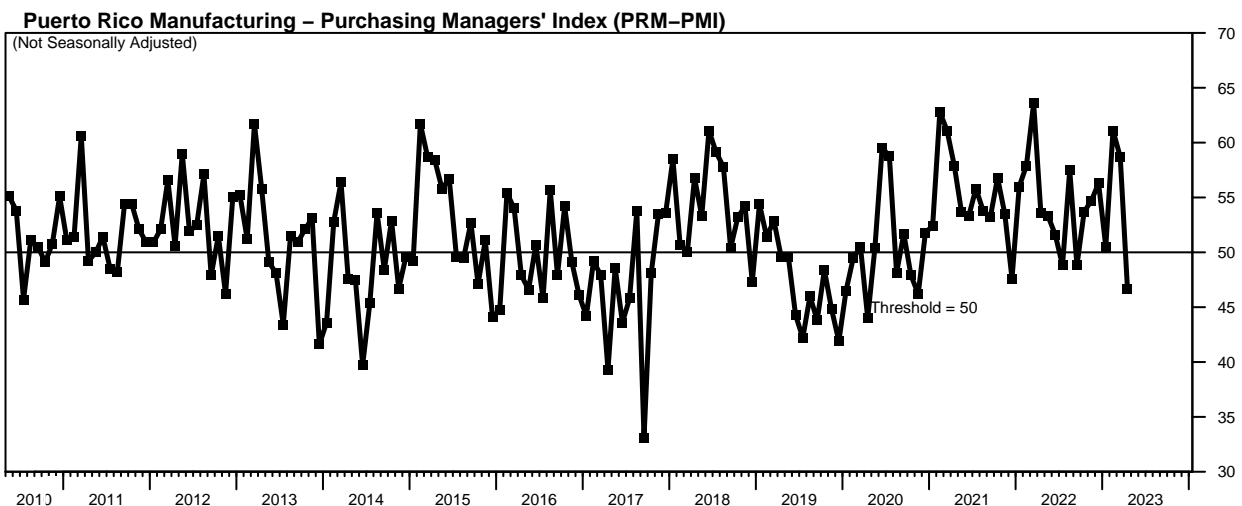


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2023

	Better	Same	Worse	Index		
Órdenes nuevas	13.3	40	46.7	33.3	Lower	New orders
Producción	13.3	46.7	40	36.7	Lower	Production
Empleo	20	66.7	13.3	53.3	Higher	Employment
Entregas de suplidores	13.3	80	6.7	53.3	Slower	Supplier deliveries
Inventarios de su empresa	26.7	60	13.3	56.7	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 46.7 Contraction

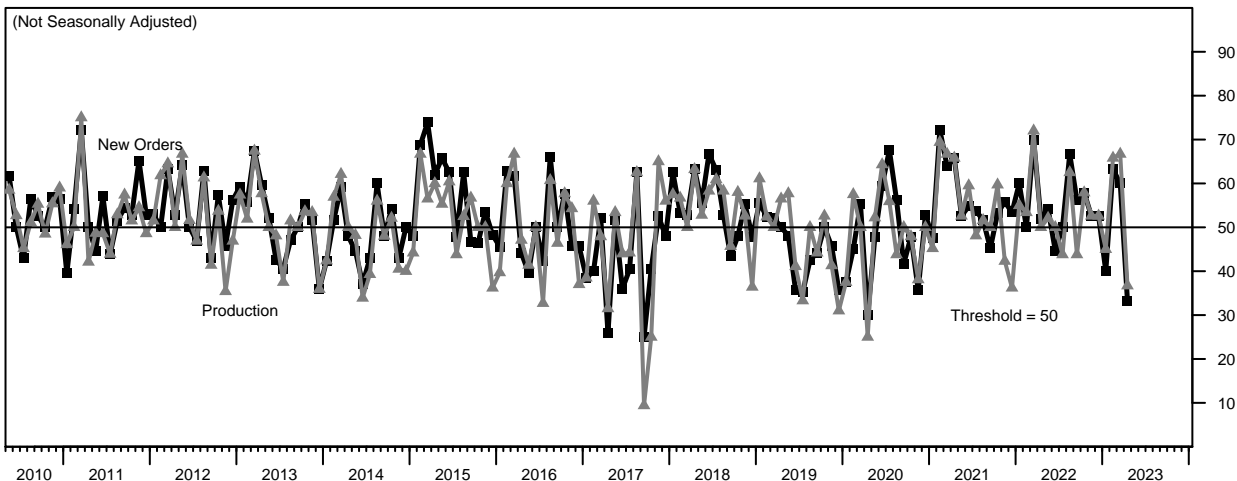
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) decreased to 33.3, after being above 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 April were lower than in March.

Production

The Production PMI (NSA) decreased to 36.7 in April, 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 April was lower than in March.

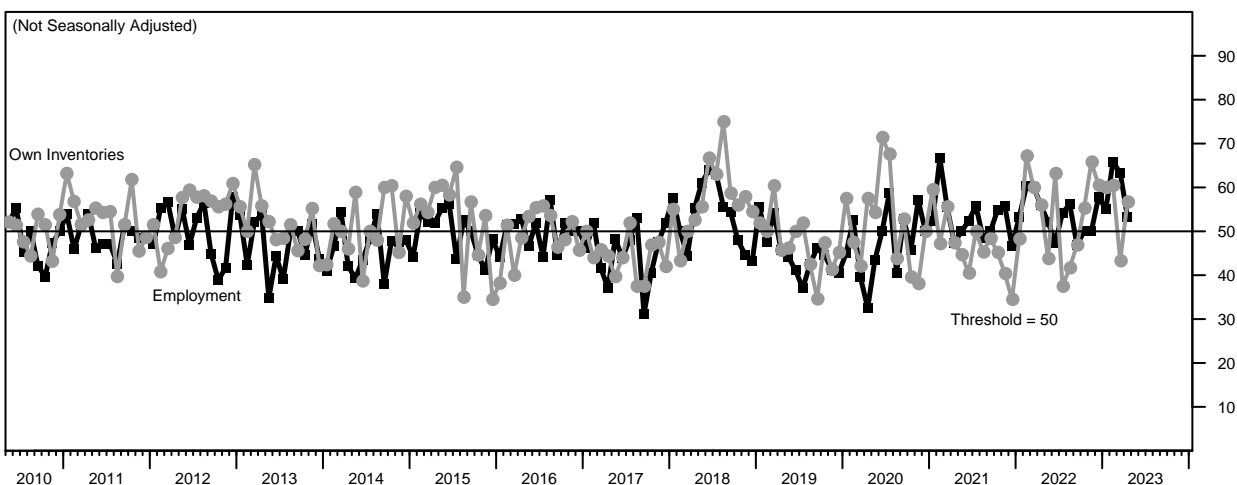


Employment

In April, the Employment PMI (NSA) decreased to 53.3, staying at or above the threshold for seven consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was higher than in March.

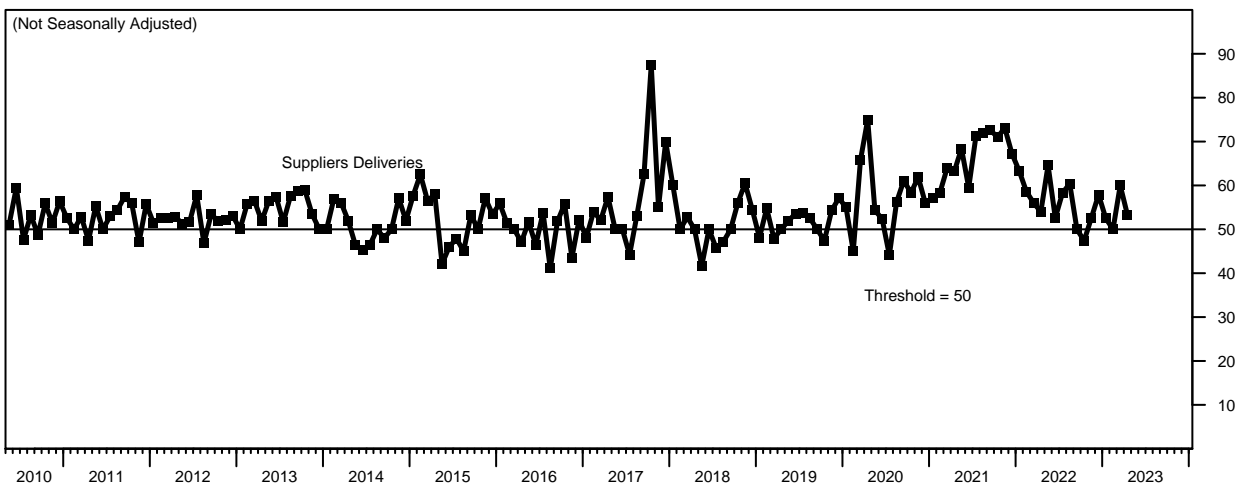
Own Inventories

In April, the Own Inventories PMI (NSA) increased to 56.7, after being below the threshold in the previous month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in April were higher than in March.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 53.3 in April, staying at or above the threshold for six consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in April was lower than in March.



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