

Purchasing Managers Index of Puerto Rico Manufacturing

December 2022



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PUERTO RICO MANUFACTURING PMI INCREASED TO 56.3 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. On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 56.3 in December 2022. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. Employment and Supplier Deliveries sub-indexes increased with respect to the previous month. On a positive note, all sub-indexes 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 operations (shortage of raw material 20%, lead times 13%, costs 13%, supply chain logistics 13%, holiday disruptions 13%, maintenance and repair of machinery and equipment 7%), human resources (employment 40%, absenteeism 13%, Covid 13%) and utilities (energy costs 13%, unreliable utilities 7%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 93 of the 151 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.

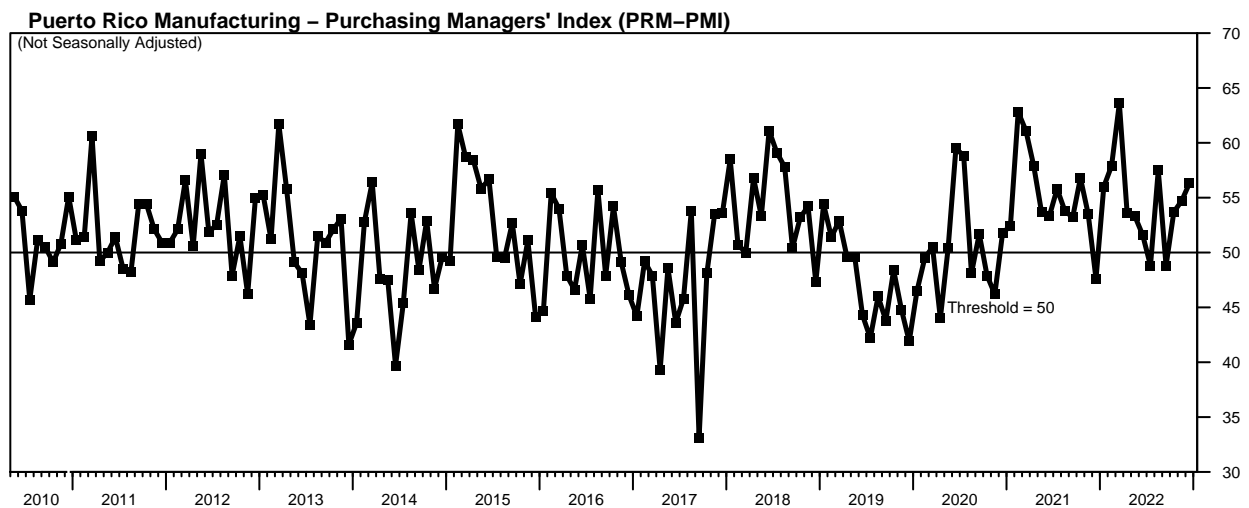


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2022

	Better	Same	Worse	Index		
Órdenes nuevas	21.1	63.2	15.8	52.6	Higher	New orders
Producción	31.6	42.1	26.3	52.6	Higher	Production
Empleo	15.8	84.2	0	57.9	Higher	Employment
Entregas de suplidores	21.1	73.7	5.3	57.9	Slower	Supplier deliveries
Inventarios de su empresa	36.8	47.4	15.8	60.5	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				56.3	Expansion	

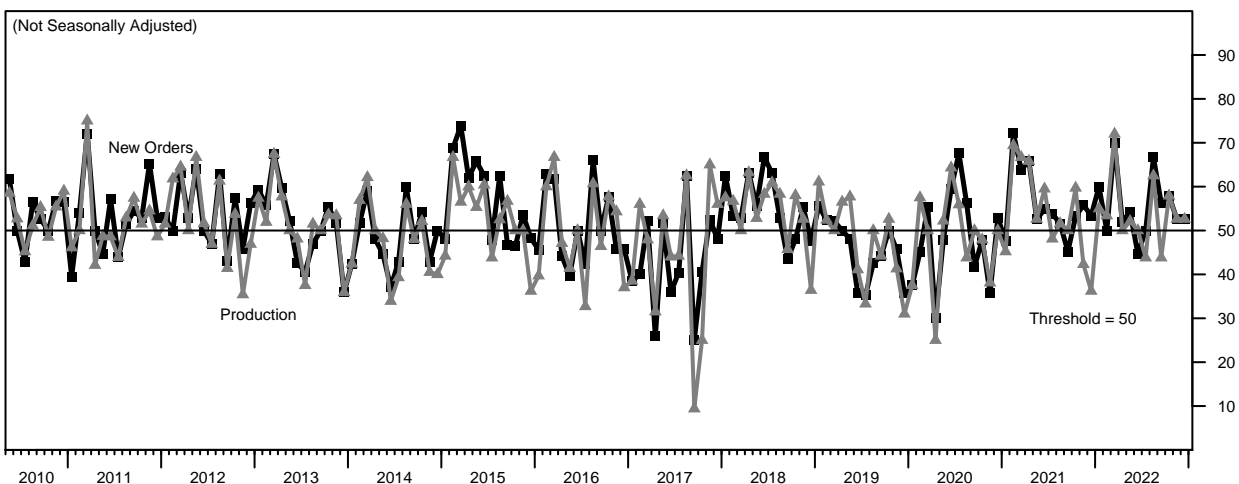
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) was 52.6, staying at or above the threshold for six consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in December were higher than November.

Production

The Production PMI (NSA) stayed at 52.6 in December, being above the threshold for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was higher than November.

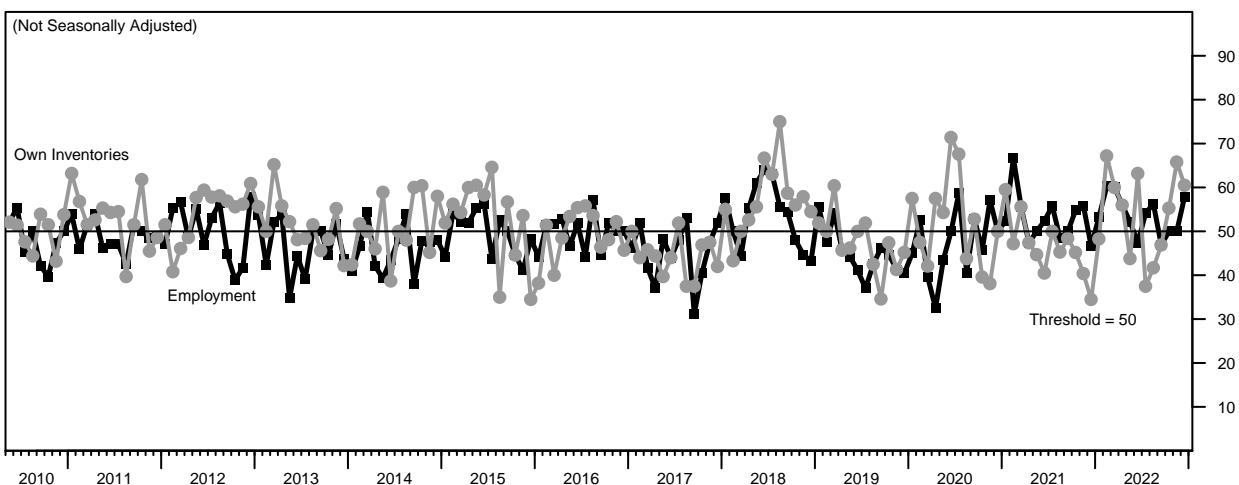


Employment

In December, the Employment PMI (NSA) increased to 57.9, being at or above the threshold for three consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December were higher than November.

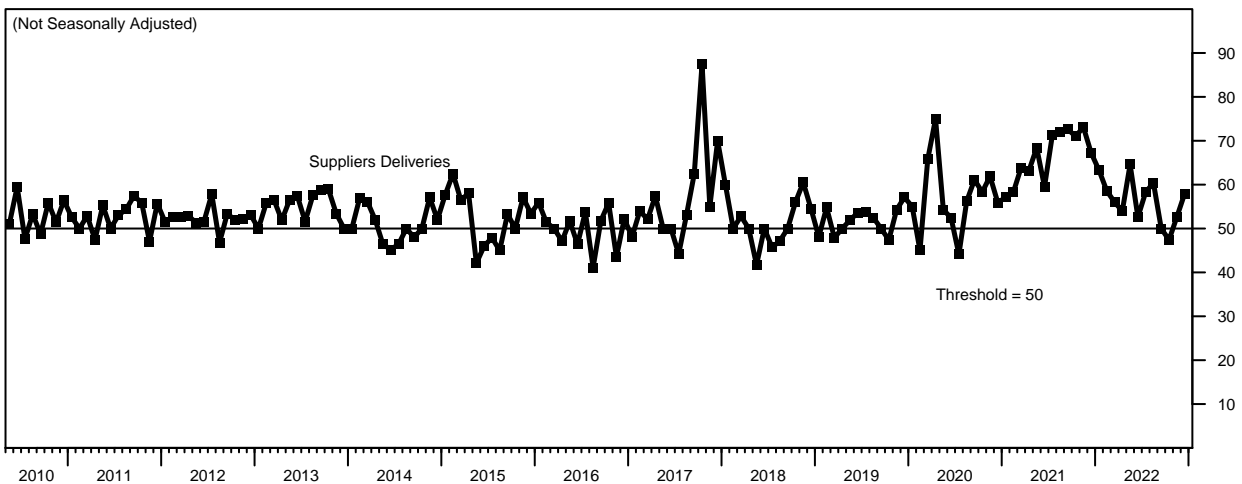
Own Inventories

In December, the Own Inventories PMI (NSA) decreased to 60.5, staying above the threshold for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were higher than in November.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 57.9 in December, staying above the threshold for two consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in December was lower 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-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 2022:

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