

Purchasing Managers Index of Puerto Rico Manufacturing

September 2022



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PUERTO RICO MANUFACTURING PMI DECREASED TO 48.8 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 decreased to 48.8 in September 2022. A reading below the threshold level of 50 suggests a contraction in the manufacturing sector with respect to the previous month. Own inventories index increased with respect to the previous month. On a positive note, New orders and Suppliers Deliveries 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 the absence of basic utilities (33%), severe weather events (27%), fuel supply for power generation (27%), unreliable utilities (20%), shortage of raw material (20%), employment (13%), absenteeism (13%), expenses (13%), supply chain logistics (13%) and sales (7%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 90 of the 148 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.

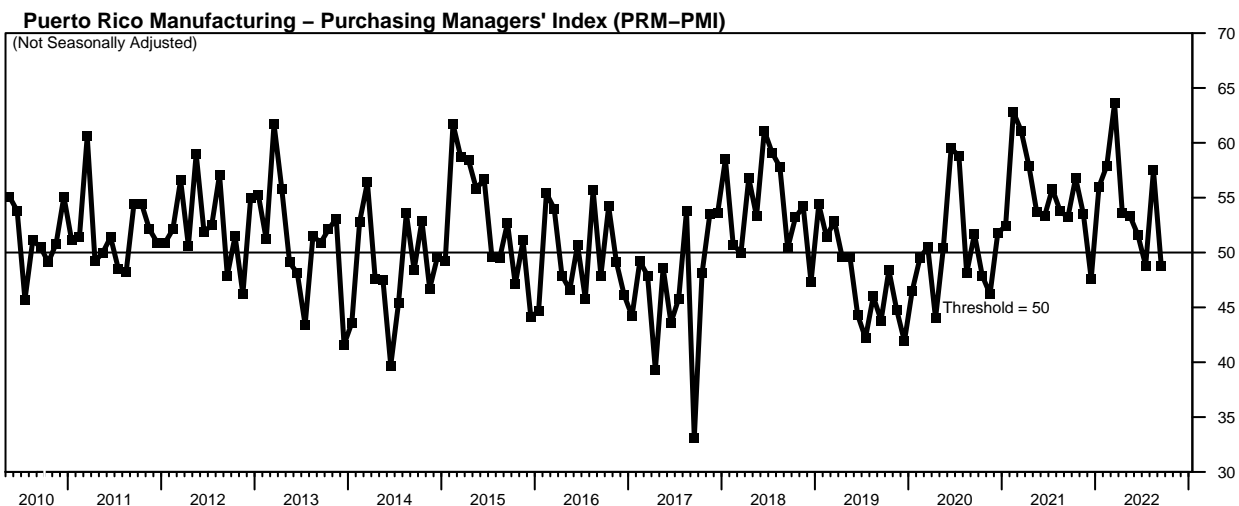


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): September 2022

	Better	Same	Worse	Index		
Órdenes nuevas	31.2	50	18.8	56.2	Higher	New orders
Producción	25	37.5	37.5	43.8	Lower	Production
Empleo	6.2	81.2	12.5	46.9	Lower	Employment
Entregas de suplidores	18.8	62.5	18.8	50	Same	Supplier deliveries
Inventarios de su empresa	31.2	31.2	37.5	46.9	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 48.8 Contraction

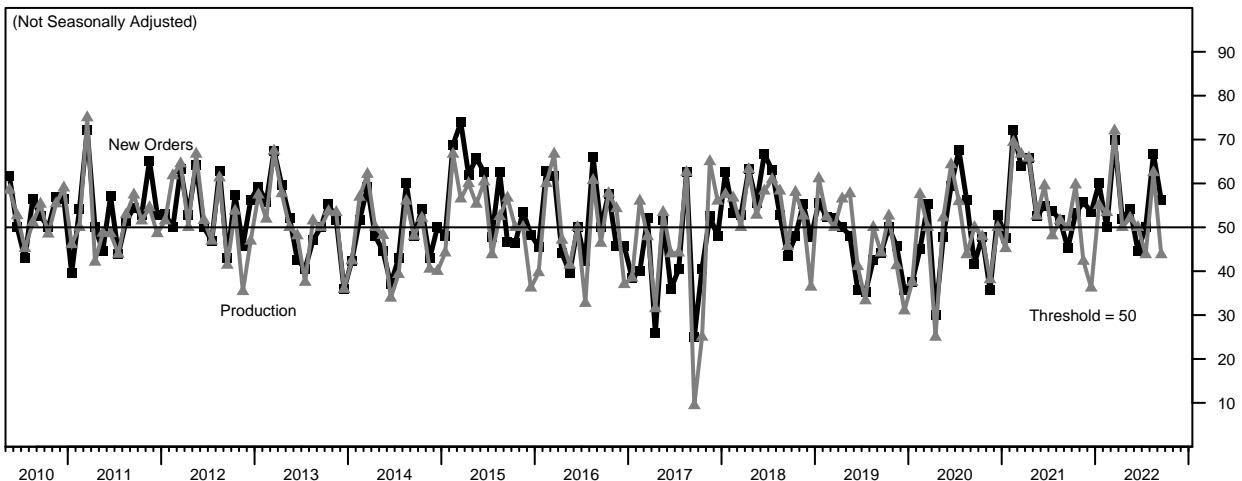
Note: Not Seasonally Adjusted (NSA)

New Orders

In September, the New Orders PMI (NSA) decreased to 56.2, after being at or above the threshold for two consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in September were higher than August.

Production

The Production PMI (NSA) decreased to 43.8 in September, after being above the threshold in August. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in September was lower than August.

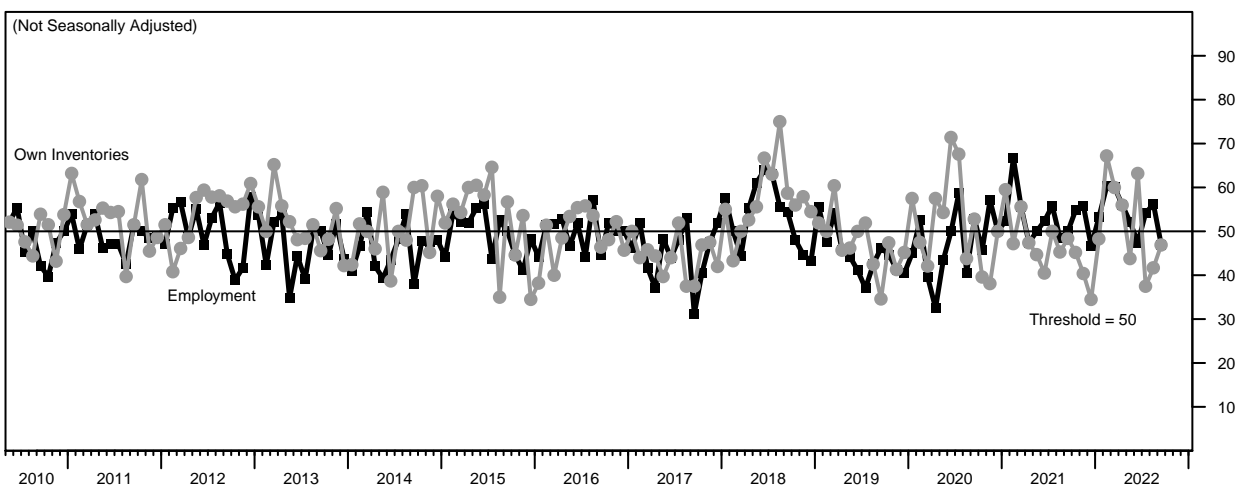


Employment

In September, the Employment PMI (NSA) decreased to 46.9, after being above the threshold for two consecutive months. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in September was lower than in August.

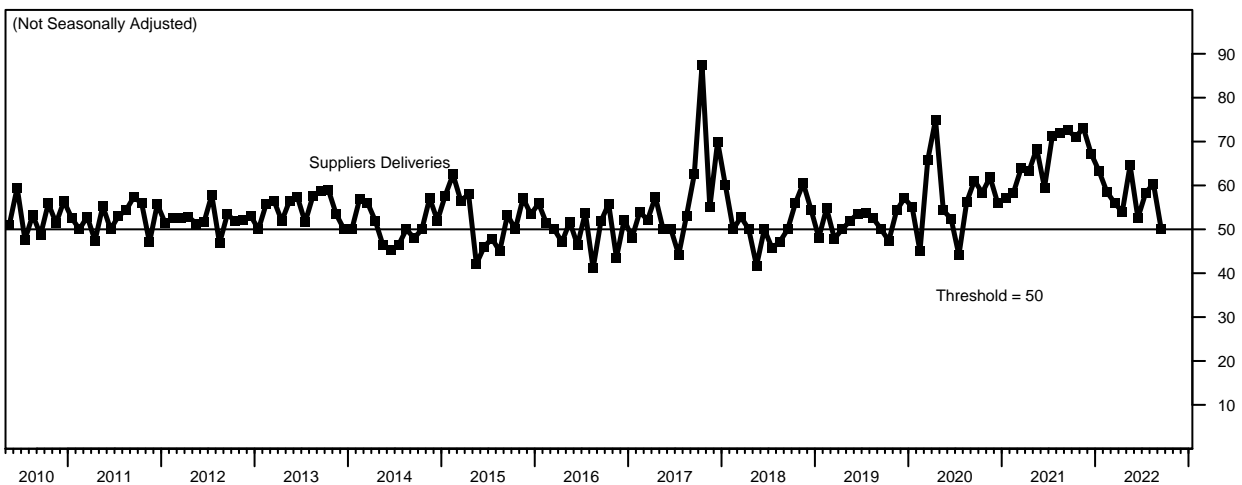
Own Inventories

In September, the Own Inventories PMI (NSA) increased to 46.9, staying below the threshold for three consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in September were lower than in August.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 50.0 in September, being at or above the threshold for the 26th consecutive month. A reading at the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in September was the same as 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 2022:

Reference month	Publication date
Nov-21	January 3, 2022
Dec-21	February 1, 2022
Jan-22	March 1, 2022
Feb-22	April 5, 2022
Mar-22	June 3, 2022
Apr-22	July 7, 2022

Reference month	Publication date
June-22	July 5, 2022
Jun-22	August 2, 2022
Jul-22	September 6, 2022
Aug-22	October 4, 2022
Sep-22	November 1, 2022
Oct-22	December 6, 2022