

Purchasing Managers Index of Puerto Rico Manufacturing

January 2022



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PUERTO RICO MANUFACTURING PMI INCREASED TO 56.0 IN JANUARY

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 56.0 in January 2021. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. Except for the Suppliers Deliveries sub-index, all the sub-indexes increased with respect to the previous month. On a positive note, the New Orders, Production, Employment and Supplier Deliveries sub-indexes were above the threshold level of 50. In a supplemental survey of manufacturing establishments related to the COVID-19 pandemic, factors affected by the pandemic in the manufacturing sector were: a reduction in suppliers' deliveries (50%), a reduction in staff (46.7%), a reduction in inventory (43.3%), and others (23.3%). In contrast, 10% of the respondents weren't affected by the pandemic. Among the biggest challenges faced by companies during the past month were: in the Human Resources area (employment, recruitment, absenteeism and spike in COVID cases), lack of raw material, and delays in the supply chain including transportation, supplies deliveries and logistics. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 84 of the 140 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.

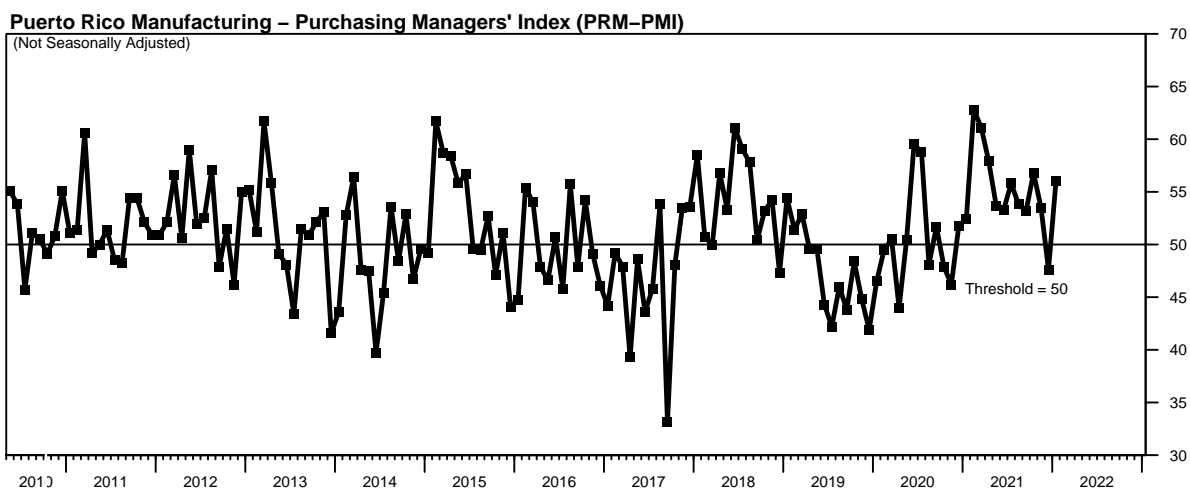


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): January 2022

	Better	Same	Worse	Index		
Órdenes nuevas	30	60	10	60	Higher	New orders
Producción	30	50	20	55	Higher	Production
Empleo	16.7	73.3	10	53.3	Higher	Employment
Entregas de suplidores	33.3	60	6.7	63.3	Slower	Supplier deliveries
Inventarios de su empresa	23.3	50	26.7	48.3	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				56	Expansion	

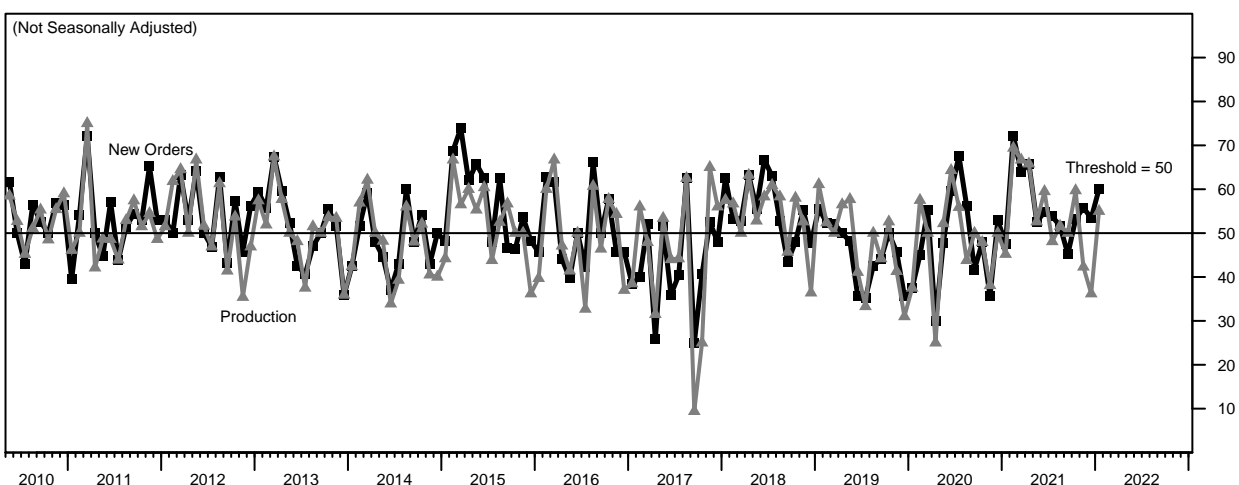
Note: Not Seasonally Adjusted (NSA)

New Orders

In January, the New Orders PMI (NSA) increased to 60.0, being above the threshold for the fourth consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in January were higher than in December.

Production

The Production PMI (NSA) increased to 55.0 in January, being above the threshold for the first time in three months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in January was faster than in December.

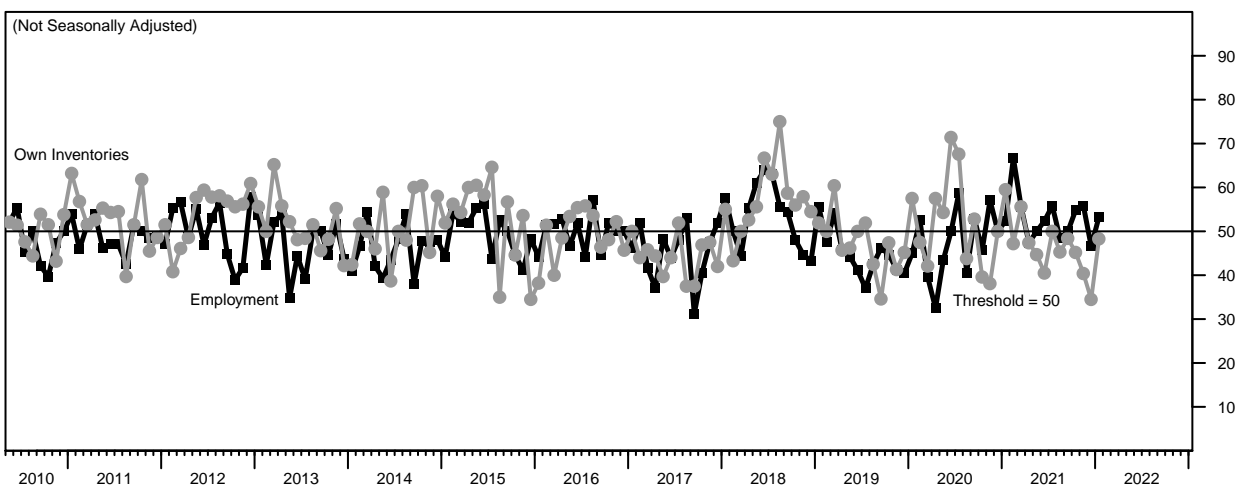


Employment

In January, the Employment PMI (NSA) increased to 53.3, after being below the threshold last month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in January was higher than in December.

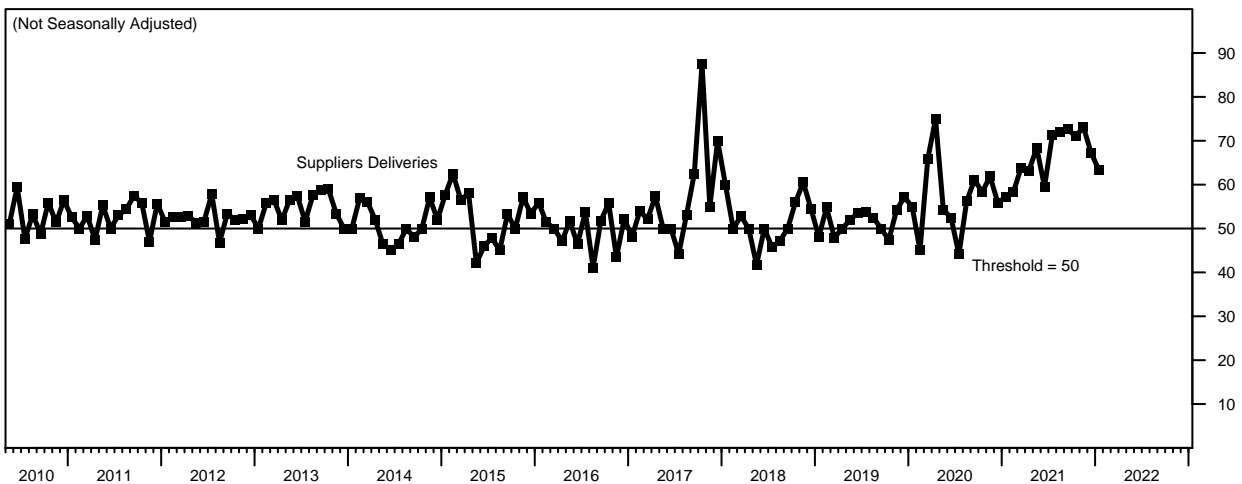
Own Inventories

In January, the Own Inventories PMI (NSA) increased to 48.3, being below the threshold for six consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in January were lower than in December.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 63.3 in January, being above the threshold for eighteen consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in January was slower than in December.



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-20	January 3, 2022
Dec-20	February 1, 2022
Jan-21	March 1, 2022
Feb-21	April 5, 2022
Mar-21	May 3, 2022
Apr-21	June 7, 2022

Reference month	Publication date
May-21	July 5, 2022
Jun-21	August 2, 2022
Jul-21	September 6, 2022
Aug-21	October 4, 2022
Sep-21	November 1, 2022
Oct-21	December 6, 2022