

Purchasing Managers Index of Puerto Rico Manufacturing

March 2022



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PUERTO RICO MANUFACTURING PMI INCREASED TO 63.6 IN MARCH

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 63.6 in March 2022. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. New Orders and Production sub-indexes increased with respect to the previous month. On a positive note, all the sub-indexes were at or 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 (68%), a reduction in staff (24%), a reduction in inventory (20%), and others (12%). In contrast, 12% 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 (recruitment, retention and absenteeism), lack of raw material, cost increase (materials and transportation), and delays in the supply chain including transportation, supplies deliveries and their inventories. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 86 of the 142 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.

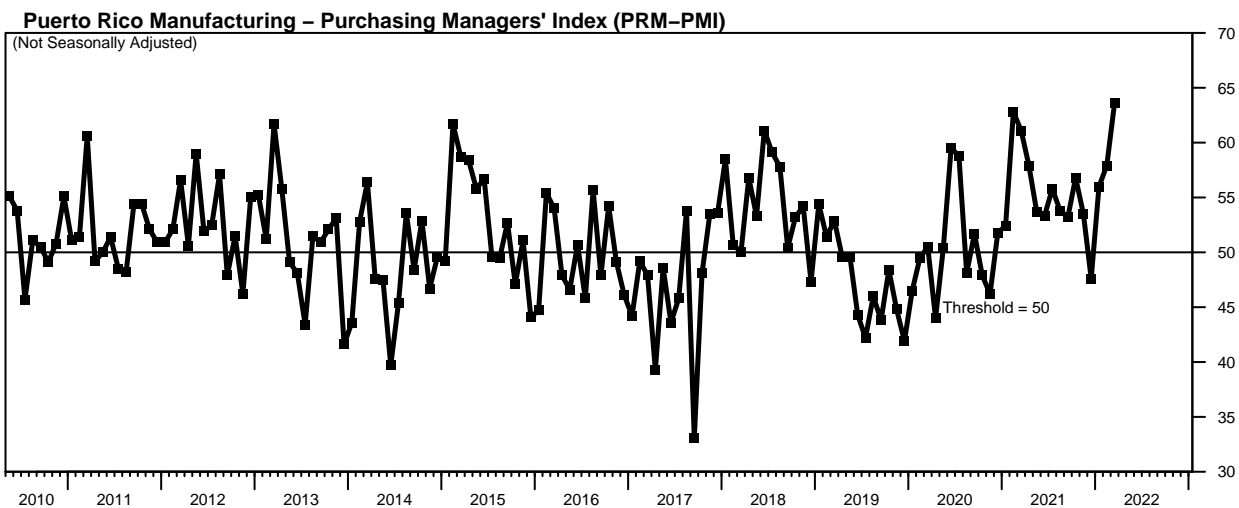


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): March 2022

	Better	Same	Worse	Index		
Órdenes nuevas	52	36	12	70	Higher	New orders
Producción	52	40	8	72	Higher	Production
Empleo	28	64	8	60	Higher	Employment
Entregas de suplidores	20	72	8	56	Slower	Supplier deliveries
Inventarios de su empresa	28	64	8	60	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 63.6 Expansion

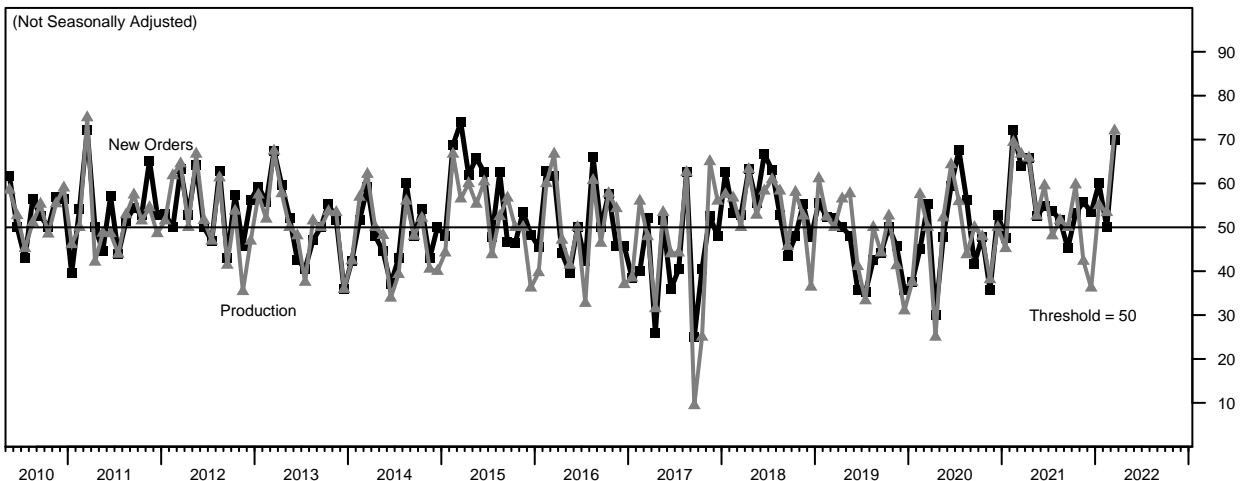
Note: Not Seasonally Adjusted (NSA)

New Orders

In March, the New Orders PMI (NSA) increased to 70, being above the threshold again after last month's reading of 50. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in March were higher than in February.

Production

The Production PMI (NSA) increased to 72 in March, being above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in March was higher than in February.

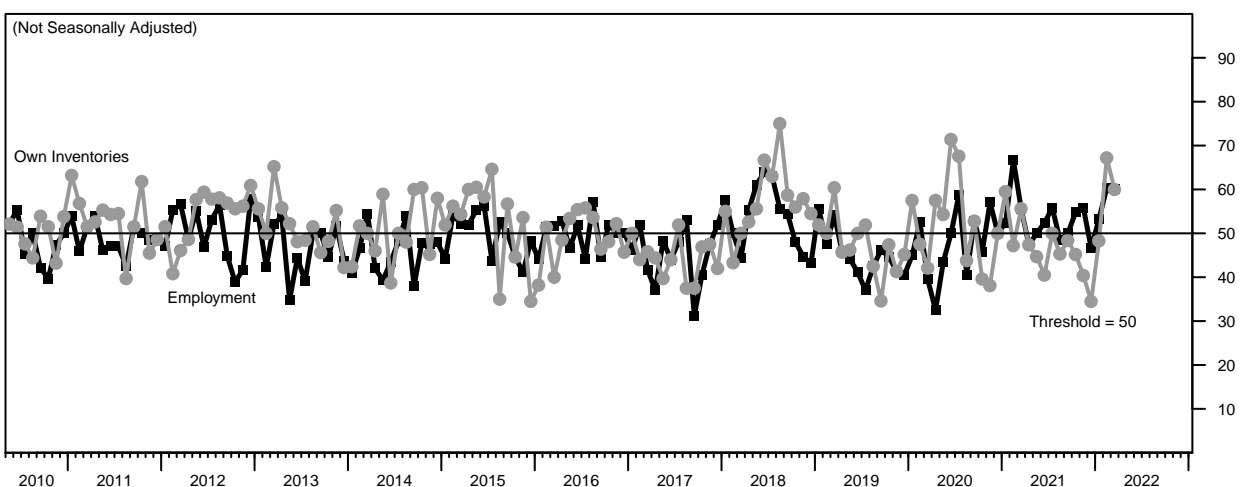


Employment

In March, the Employment PMI (NSA) decreased to 60, being above the threshold for three consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in March was higher than in February.

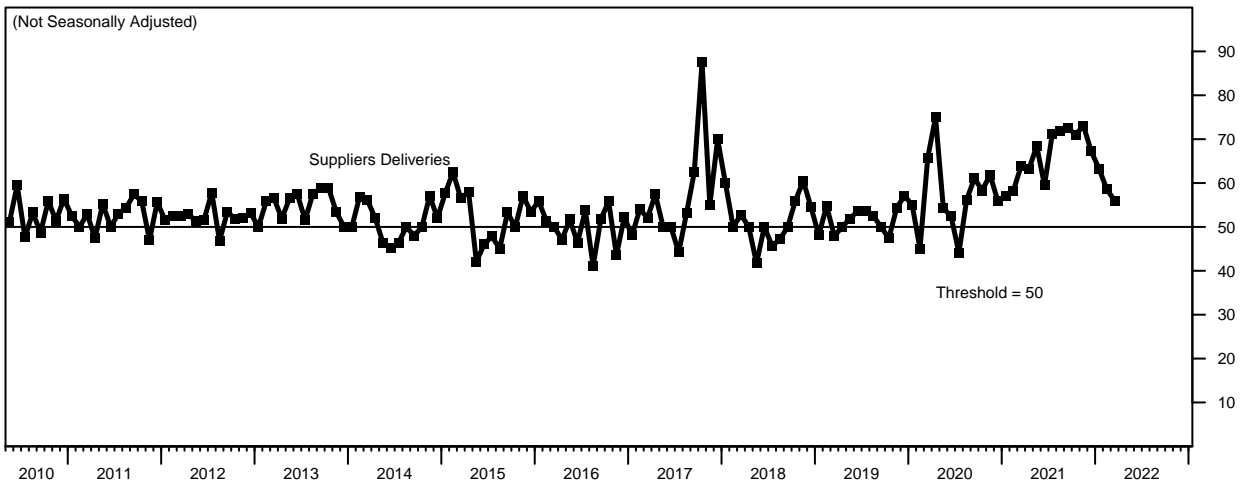
Own Inventories

In March, the Own Inventories PMI (NSA) decreased to 60, staying above the threshold for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in March were higher than in February.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 56 in March, being above the threshold for twenty consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in March was slower than in February.



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