

Purchasing Managers Index of Puerto Rico Manufacturing

April 2022



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PUERTO RICO MANUFACTURING PMI DECREASED TO 53.6 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 53.6 in April 2022. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. All the sub-indexes decreased 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 (44%), a reduction in staff (40%), a reduction in inventory (32%), and others (12%). In contrast, 24% 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 87 of the 143 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.

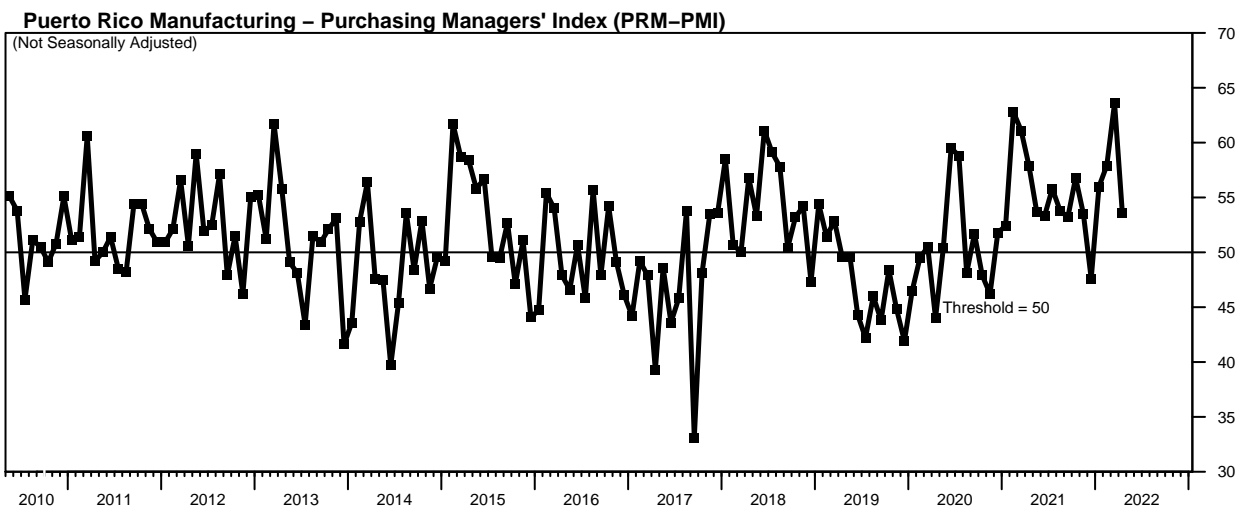


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): April 2022

	Better	Same	Worse	Index		
Órdenes nuevas	28	48	24	52	Higher	New orders
Producción	28	44	28	50	Same	Production
Empleo	20	72	8	56	Higher	Employment
Entregas de suplidores	20	68	12	54	Slower	Supplier deliveries
Inventarios de su empresa	32	48	20	56	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 53.6 Expansion

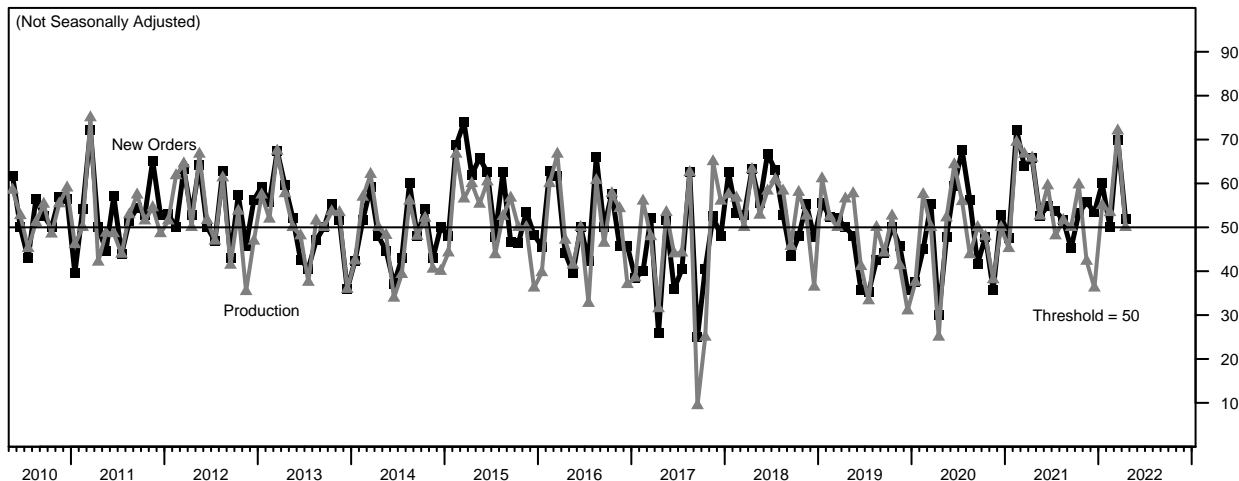
Note: Not Seasonally Adjusted (NSA)

New Orders

In April, the New Orders PMI (NSA) decreased to 52, being at or above the threshold for seven consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in April were higher than in March.

Production

The Production PMI (NSA) decreased to 50 in April, being at or above the threshold for the fourth consecutive month. A reading at 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in April was the same as in March.

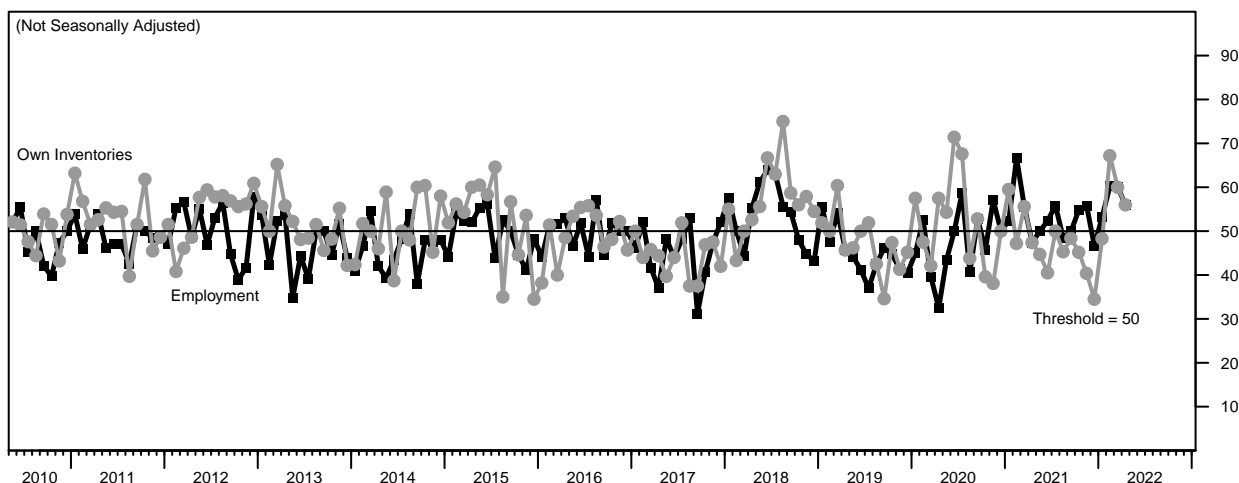


Employment

In April, the Employment PMI (NSA) decreased to 56, being above the threshold for four consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in April was higher than in March.

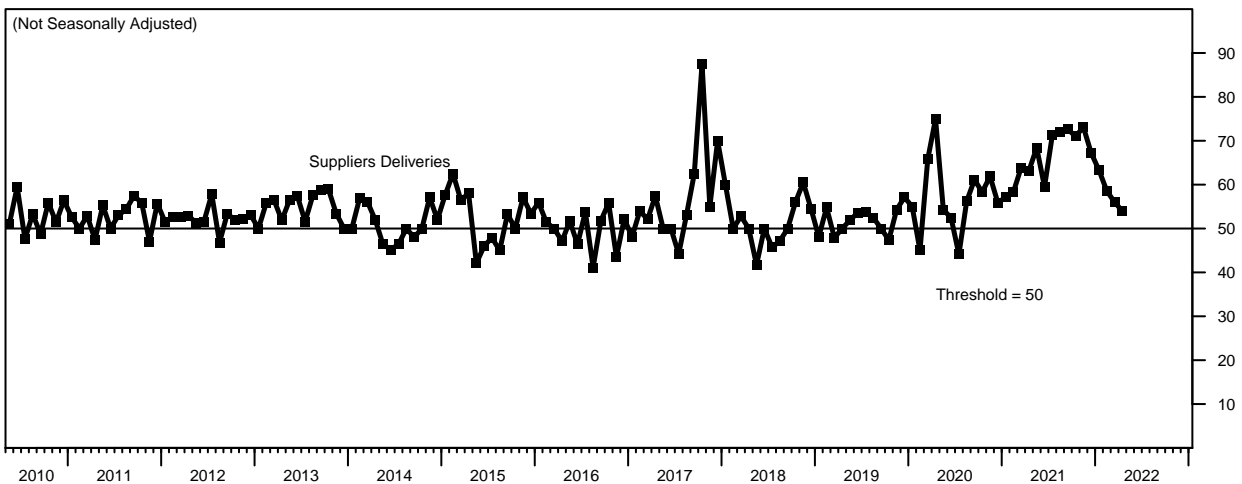
Own Inventories

In April, the Own Inventories PMI (NSA) decreased to 56, staying above the threshold for the third consecutive 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 54 in April, being above the threshold for the 21st consecutive month. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in April was slower 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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Contact information

Contact person: Ana Gabriela Jara Castro, Statistical Projects Manager

Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919

Telephones: Direct – (787) 819-0730; E-mail – ana.jara@estadisticas.pr

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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	May 3, 2022
Apr-22	June 7, 2022

Reference month	Publication date
May-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