

# Purchasing Managers Index of Puerto Rico Manufacturing

May 2022



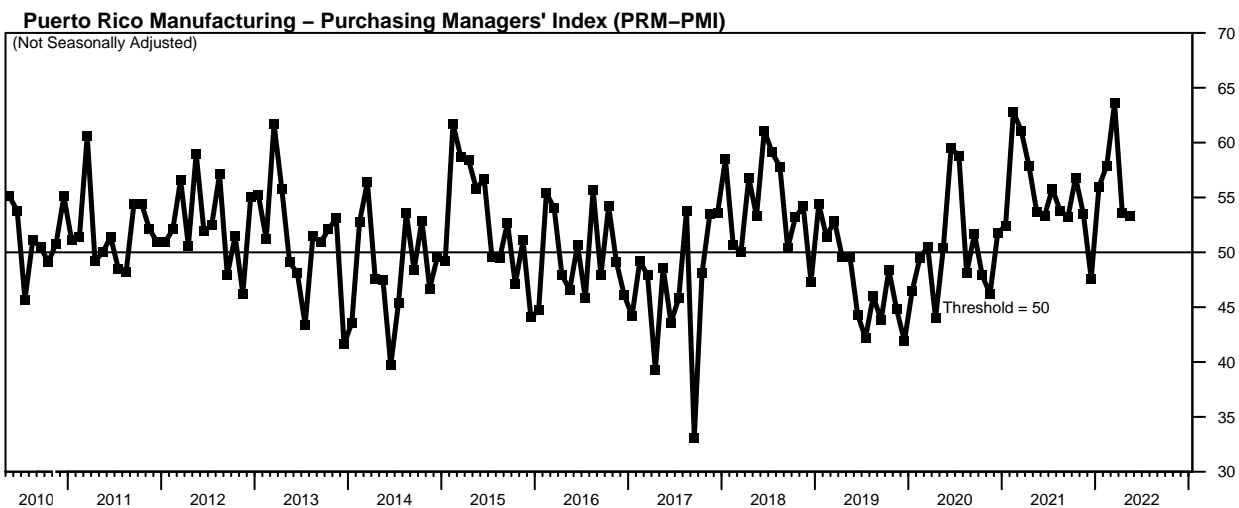
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## PUERTO RICO MANUFACTURING PMI DECREASED TO 53.3 IN MAY

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 53.3 in May 2022. A reading above the threshold level of 50 suggests an expansion in the manufacturing sector with respect to the previous month. New Orders, Production and Suppliers Deliveries sub-indexes increased with respect to the previous month. On a positive note, all the sub-indexes were above the threshold level of 50 except Own Inventories. 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 (54%), a reduction in staff (38%), a reduction in inventory (38%), and others (17%). In contrast, 17% 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 (absenteeism, recruitment and turnover), lack of raw material, delays in supplies deliveries and cost increase (materials and transportation). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 88 of the 144 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): May 2022**

	Better	Same	Worse	Index		
Órdenes nuevas	20.8	66.7	12.5	54.2	Higher	New orders
Producción	20.8	62.5	16.7	52.1	Higher	Production
Empleo	12.5	79.2	8.3	52.1	Higher	Employment
Entregas de suplidores	33.3	62.5	4.2	64.6	Slower	Supplier deliveries
Inventarios de su empresa	12.5	62.5	25	43.8	Lower	Own inventories

**Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 53.3      Expansion**

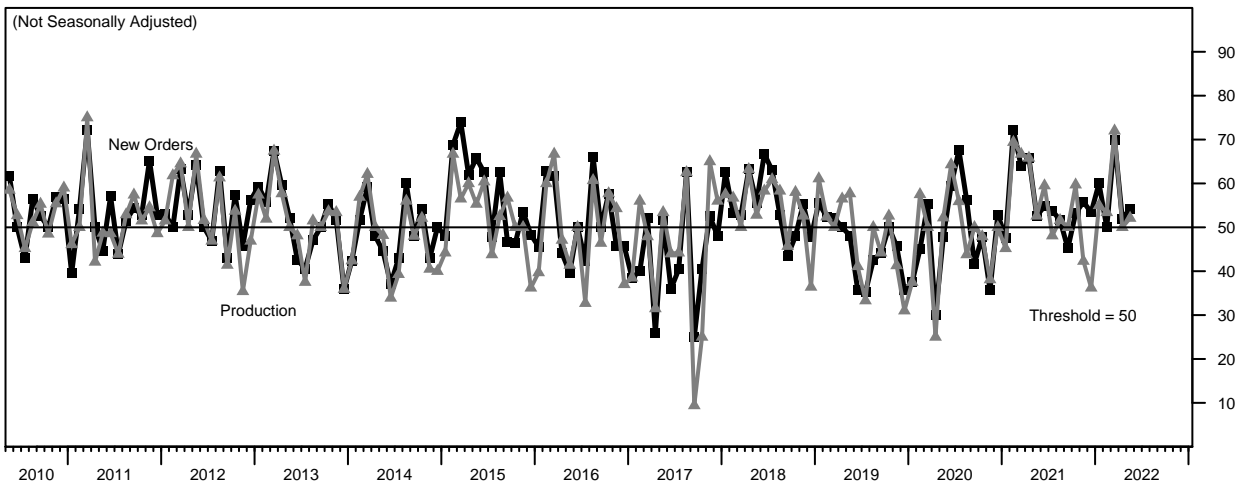
Note: Not Seasonally Adjusted (NSA)

## New Orders

In May, the New Orders PMI (NSA) increased to 54.2, being at or above the threshold for eight consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in May were higher than in April.

## Production

The Production PMI (NSA) increased to 52.1 in May, being at or above the threshold for the fifth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May were the higher than in April.

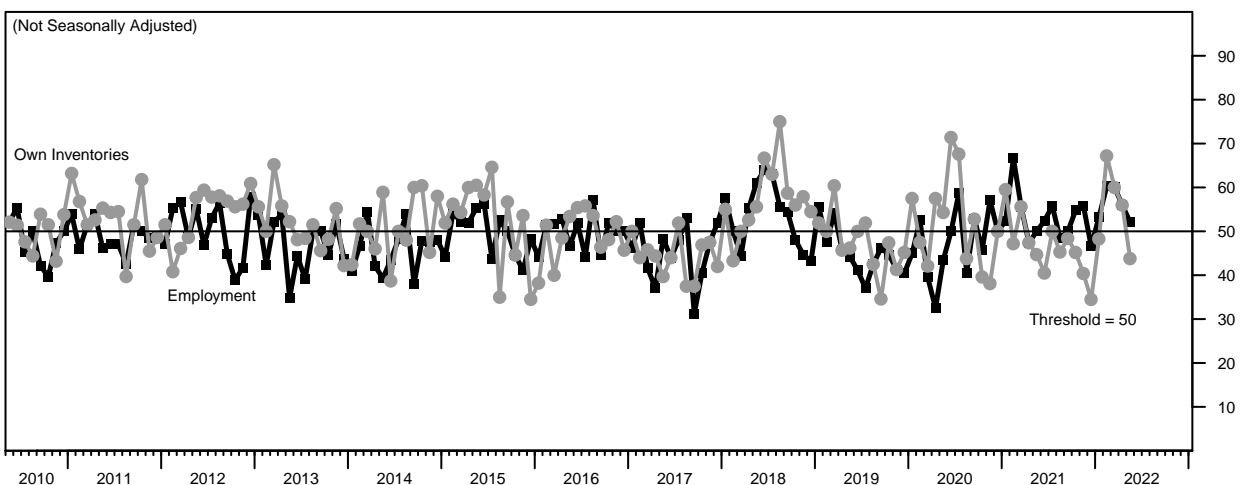


## Employment

In May, the Employment PMI (NSA) decreased to 52.1, being above the threshold for five consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was higher than in April.

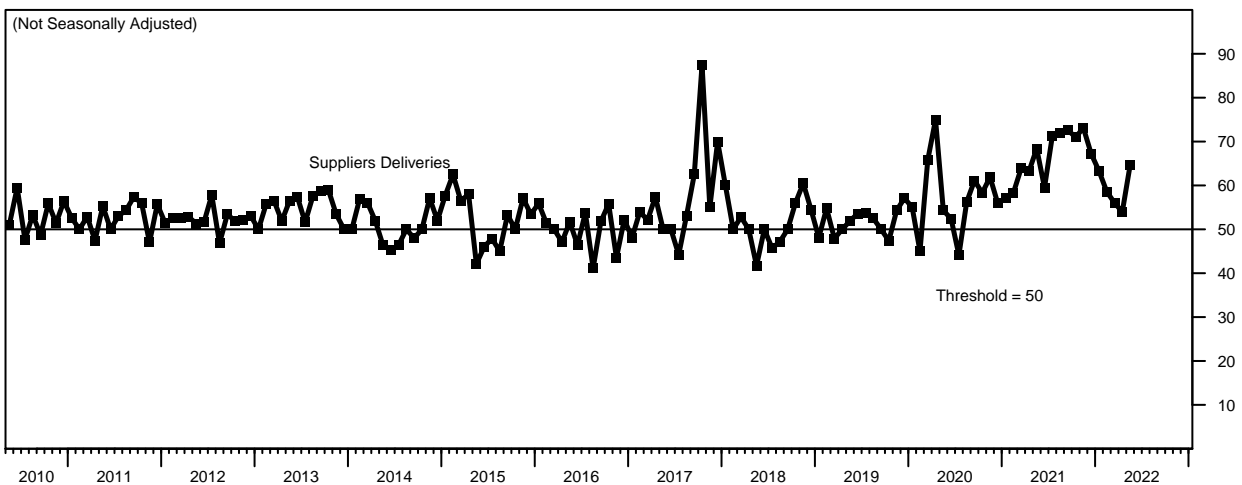
## Own Inventories

In May, the Own Inventories PMI (NSA) decreased to 43.8, after being above the threshold for three consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May were lower than in April.



## Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 64.6 in May, being above the threshold for the 22<sup>nd</sup> consecutive month. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in May was slower than in April.



### 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](mailto: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