

Purchasing Managers Index of Puerto Rico Manufacturing

February 2021



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Until 11:00 a.m. (AST) Monday, April 5th, 2021

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PUERTO RICO MANUFACTURING PMI INCREASED TO 62.8 IN FEBRUARY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 62.8 in February. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The sub-indexes increased with respect to the previous month except for the Own Inventories sub-index. On a positive note, the sub-indexes were above the threshold level of 50 except for the Own Inventories sub-index. In a supplemental survey of manufacturing establishments, 0% of the respondents indicated that their operations ceased following the health measurements taken by the government due to the COVID-19 pandemic. Factors affected by the pandemic in the manufacturing sector were: a reduction in suppliers' deliveries (33%), a reduction in demand (28%), a reduction in staff (33%), a reduction in inventory (33%), and others (22%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 74 of the 130 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.

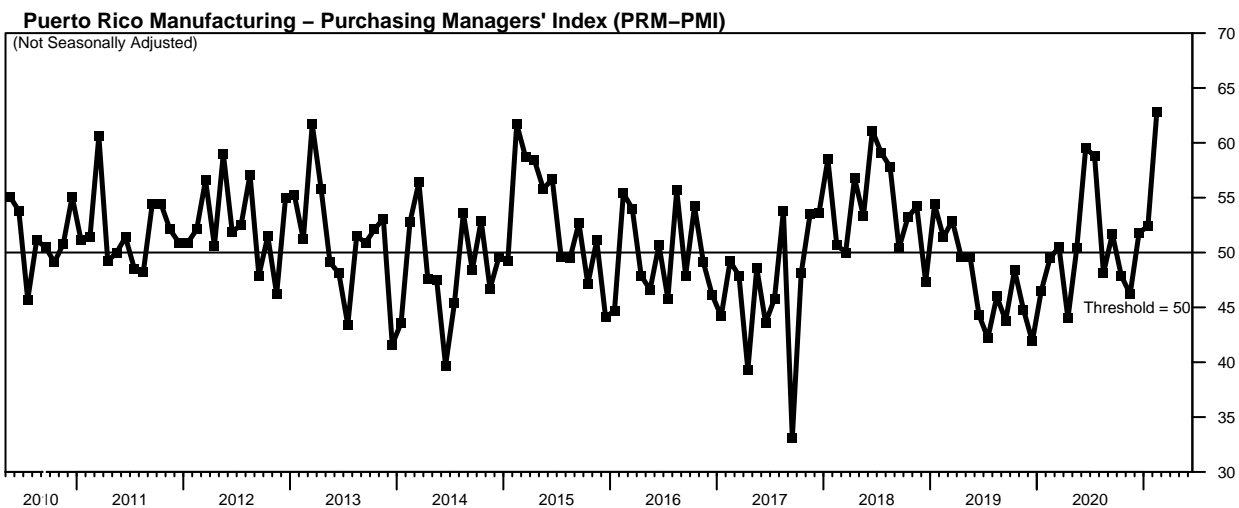


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): February 2021

	Better	Same	Worse	PMI		
Órdenes nuevas	50	44.4	5.6	72.2	Higher	New orders
Producción	50	38.9	11.1	69.4	Higher	Production
Empleo	33.3	66.7	0	66.7	Higher	Employment
Entregas de suplidores	22.2	72.2	5.6	58.3	Slower	Supplier deliveries
Inventarios de su empresa	22.2	50	27.8	47.2	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 62.8 Expansion

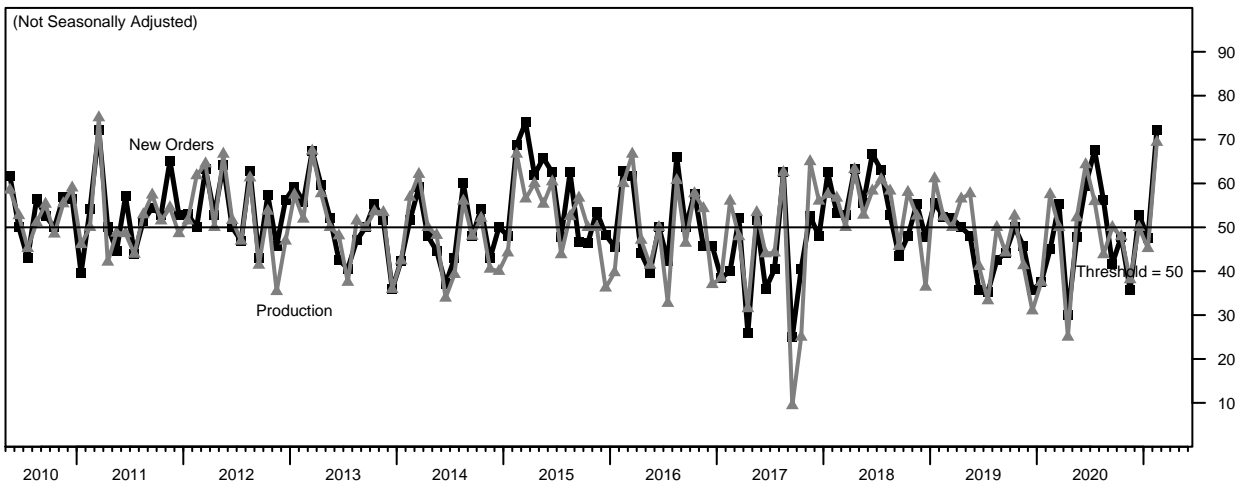
Note: Not Seasonally Adjusted (NSA)

New Orders

In February, the New Orders PMI (NSA) increased to 72.2, after being below the threshold for the previous month. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in February were higher than in January.

Production

The Production PMI (NSA) increased to 69.4 in February, after being below the threshold last month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in February was higher than in January.

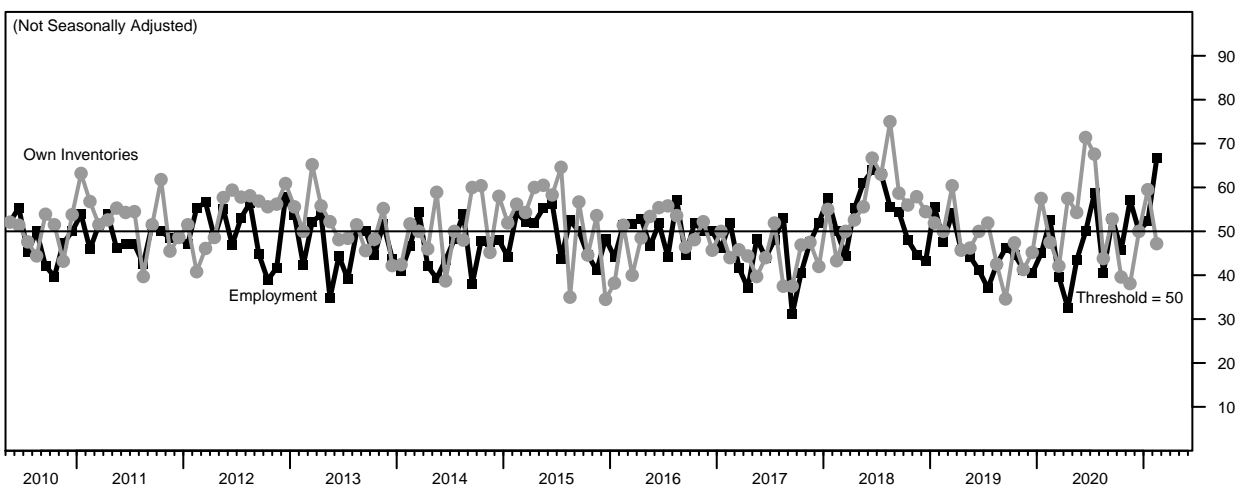


Employment

In February, the Employment PMI (NSA) increased to 66.7, being at or above the threshold for fourth consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in February was higher than in January.

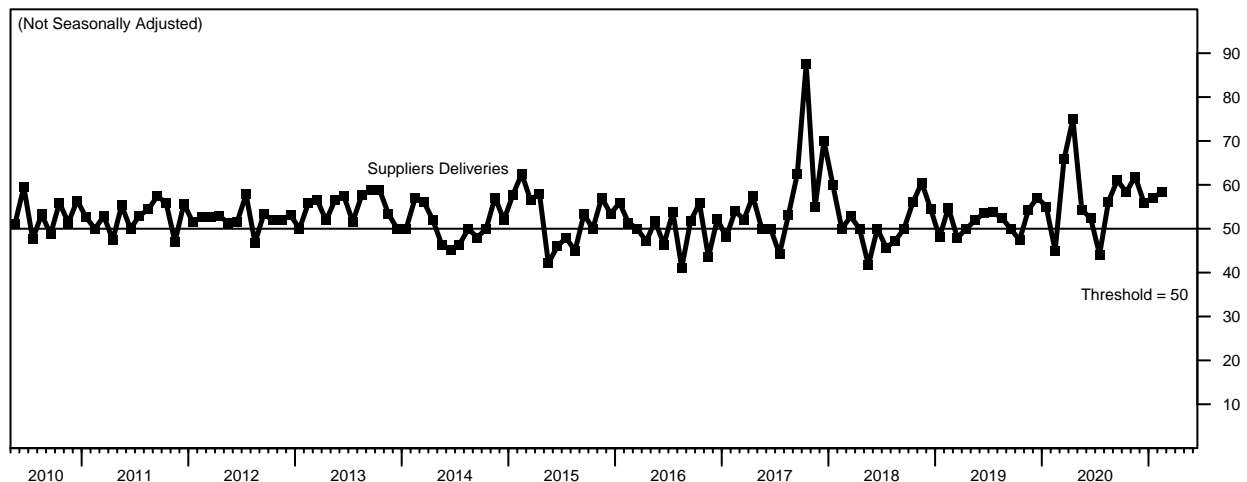
Own Inventories

In February, the Own Inventories PMI (NSA) decreased to 47.2, after being at or above the threshold for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in February were lower than in January.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 58.3 in February, being above the threshold for the seventh consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in February was slower than in January.



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 2020:

Reference month	Publication date
Nov-20	January 4, 2021
Dec-20	February 4, 2021
Jan-21	March 1, 2021
Feb-21	April 5, 2021
Mar-21	May 3, 2021
Apr-21	June 1, 2021

Reference month	Publication date
May-21	July 1, 2021
Jun-21	August 2, 2021
Jul-21	September 1, 2021
Aug-21	October 4, 2021
Sep-21	November 1, 2021
Oct-21	December 6, 2021