

# Purchasing Managers Index of Puerto Rico Manufacturing

October 2021



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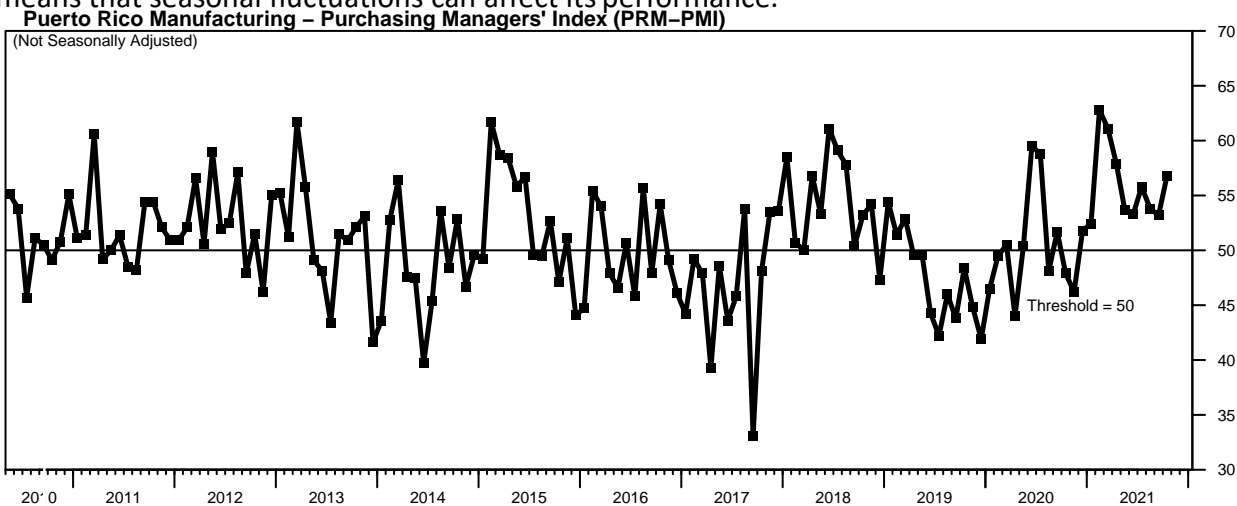
Until 11:00 a.m. (AST) Friday, 3<sup>th</sup>, 2021

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## PUERTO RICO MANUFACTURING PMI INCREASED TO 56.8 IN OCTOBER

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 56.8 in October. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The Own Inventories sub-index decreased with respect to the previous month. On a positive note, the Production, New Orders, Employment and Supplier Deliveries 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 (61.3%), a reduction in staff (32.3%), a reduction in inventory (38.7%), and others (6.5%). In contrast, 16% of the respondents weren't affected by the pandemic. Among the biggest challenges faced by companies during the past month are: the Human Resources area (employment, recruitment and absenteeism), increased costs and lack of raw material, delay in the supply chain including transportation and higher cost of transportation. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 82 of the 138 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): October 2021**

	Better	Same	Worse	PMI		
Órdenes nuevas	25.8	54.8	19.4	53.2	Higher	New orders
Producción	38.7	41.9	19.4	59.7	Higher	Production
Empleo	19.4	71	9.7	54.8	Higher	Employment
Entregas de suplidores	51.6	38.7	9.7	71	Slower	Supplier deliveries
Inventarios de su empresa	19.4	51.6	29	45.2	Lower	Own inventories

**Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 56.8      Expansion**

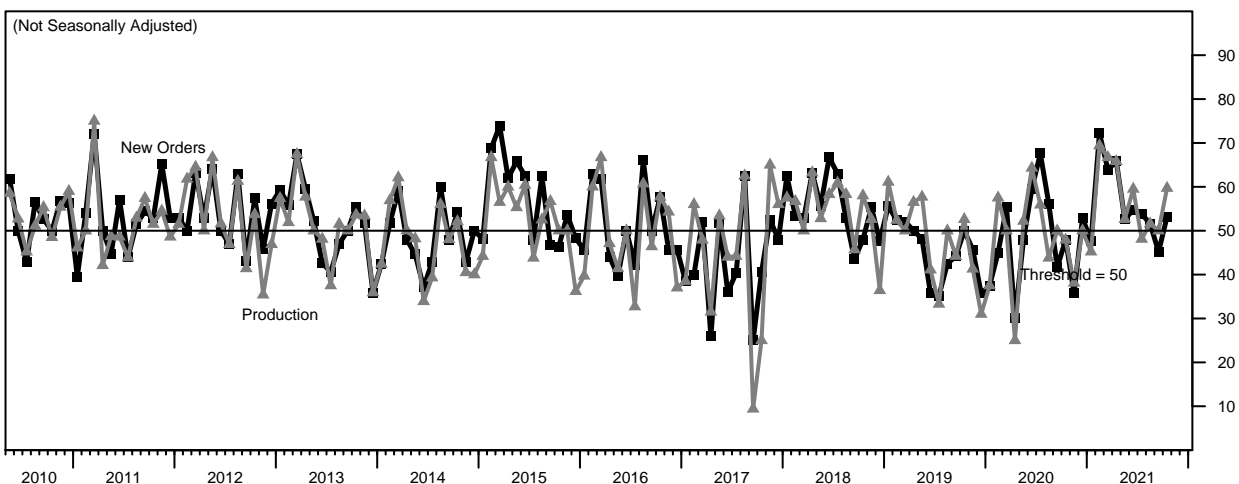
Note: Not Seasonally Adjusted (NSA)

## New Orders

In October, the New Orders PMI (NSA) increased to 53.2, after being below the threshold in the previous month. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in October were higher than in September.

## Production

The Production PMI (NSA) increased to 59.7 in October, being above the threshold for three consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October was higher than in September.

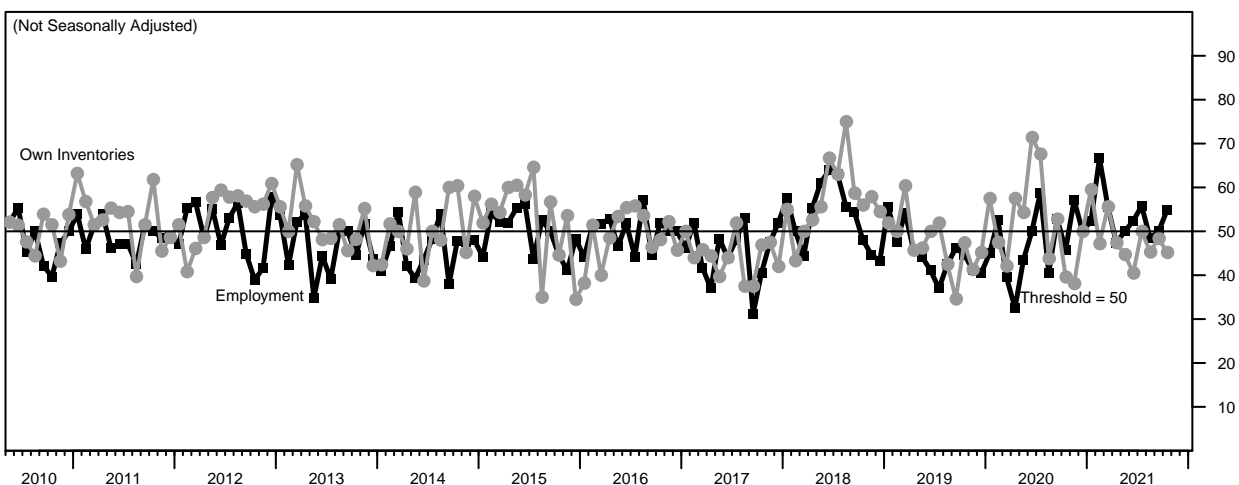


## Employment

In October, the Employment PMI (NSA) increased to 54.8, being above the threshold for two consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was the higher as in September.

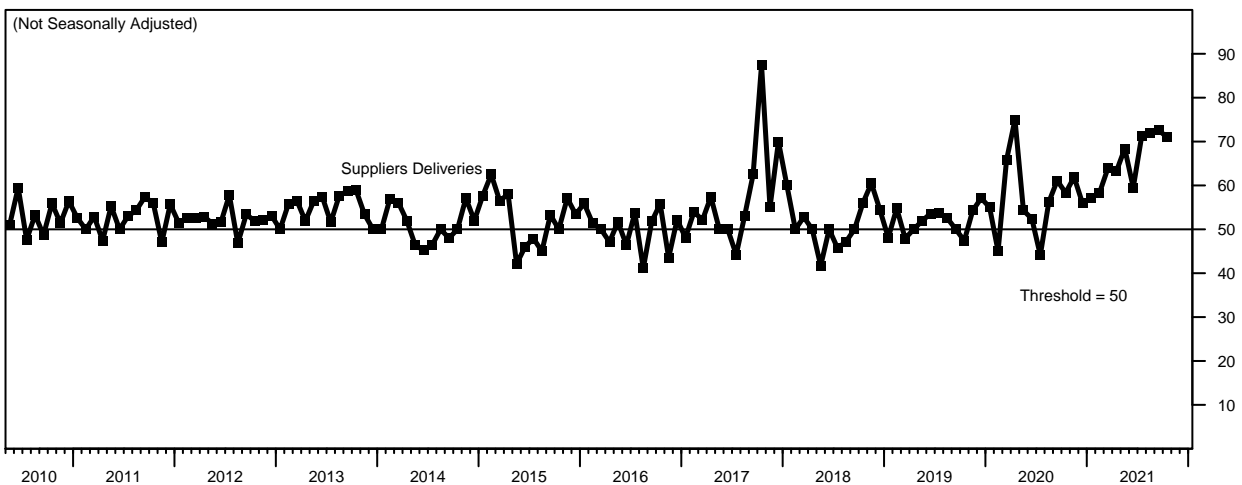
## Own Inventories

In October, the Own Inventories PMI (NSA) decreased to 45.2, being below the threshold for three consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October was lower than in September.



## Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 71 in October, being above the threshold for fifteen consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in October was slower than in September.



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### 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