

Purchasing Managers Index of Puerto Rico Manufacturing

December 2021



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Until 12:00 p.m. (AST) Tuesday, 1st, 2021

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PUERTO RICO MANUFACTURING PMI DECREASED TO 47.6 IN DECEMBER

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 47.6 in December 2021. A reading below the threshold level of 50 suggests a contraction 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, the New Orders and Supplier Deliveries sub-indexes were 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 (48.3%), a reduction in staff (48.3%), a reduction in inventory (41.4%), and others (10.3%). In contrast, 10% 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 (employment, recruitment, absenteeism and spike in COVID cases), lack of raw material, and delays in the supply chain including transportation and supplies deliveries, logistics and increased costs. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 83 of the 140 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.

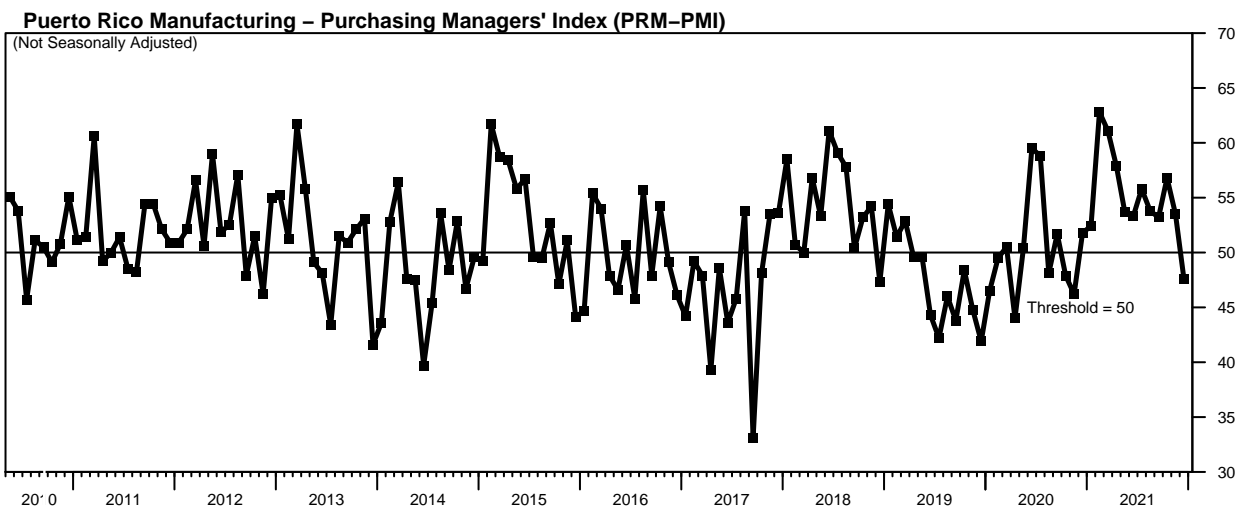


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): December 2021

	Better	Same	Worse	PMI		
Órdenes nuevas	27.6	51.7	20.7	53.4	Higher	New orders
Producción	17.2	37.9	44.8	36.2	Lower	Production
Empleo	13.8	65.5	20.7	46.6	Lower	Employment
Entregas de suplidores	41.4	51.7	6.9	67.2	Slower	Supplier deliveries
Inventarios de su empresa	13.8	41.4	44.8	34.5	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 47.6 Contraction

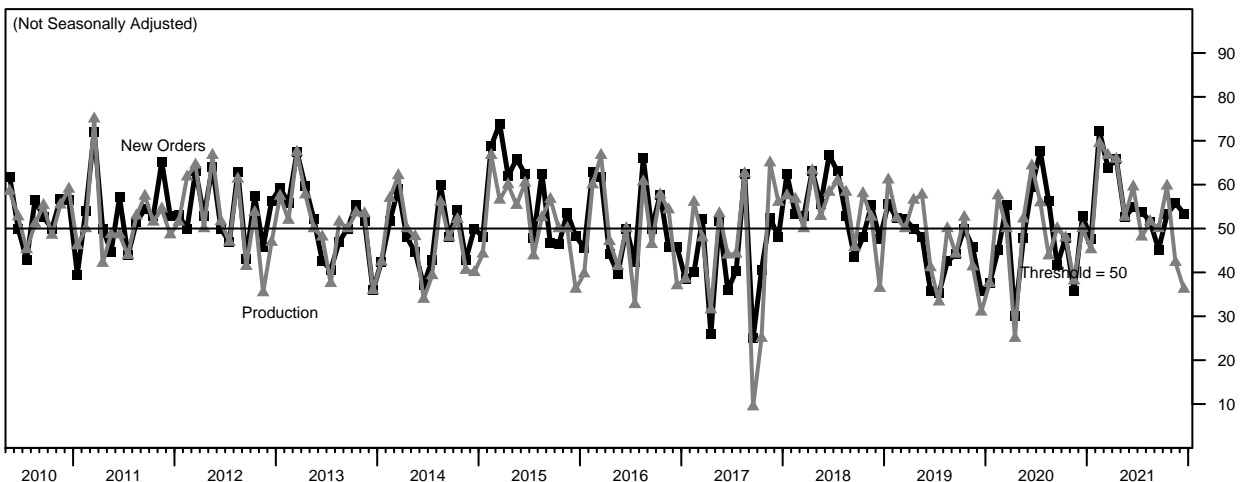
Note: Not Seasonally Adjusted (NSA)

New Orders

In December, the New Orders PMI (NSA) decreased to 53.4, being above the threshold for three consecutive months. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in December were higher than in November.

Production

The Production PMI (NSA) decreased to 36.2 in December, being below the threshold for two consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

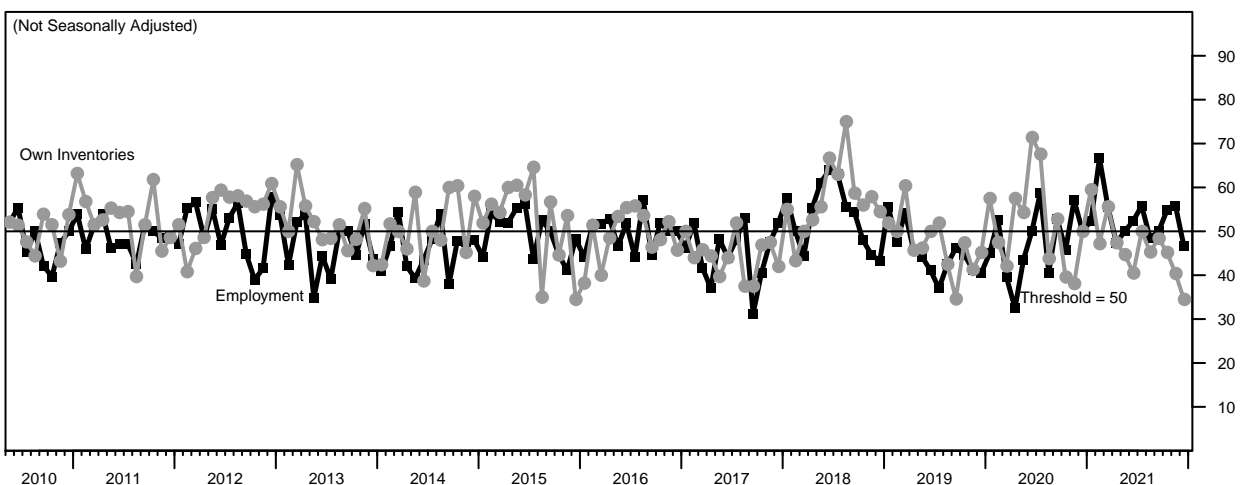


Employment

In December, the Employment PMI (NSA) decreased to 46.6, after being above the threshold for three consecutive months. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in December was lower than in November.

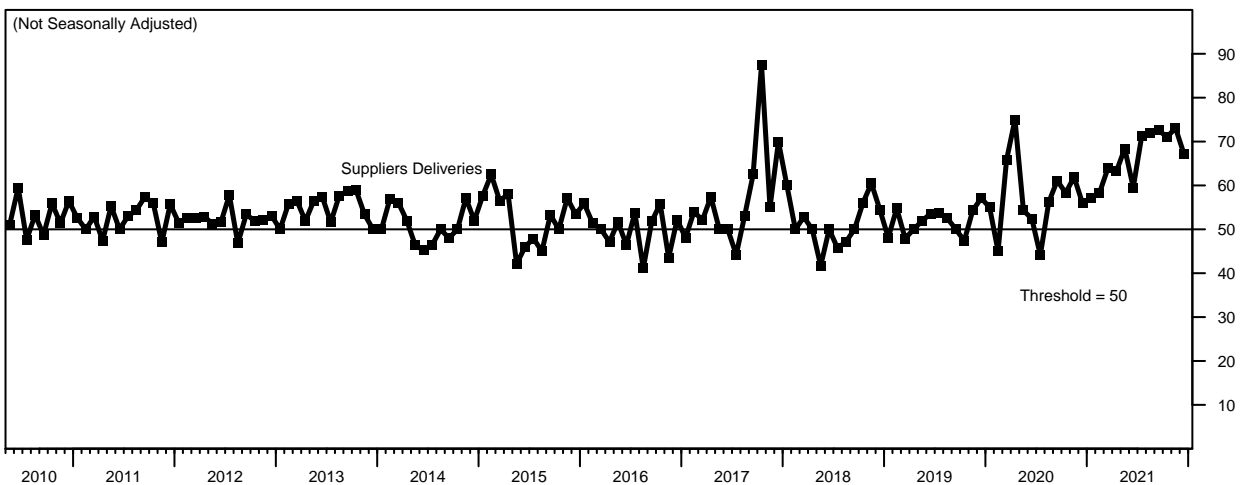
Own Inventories

In December, the Own Inventories PMI (NSA) decreased to 34.5, being below the threshold for five consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were lower than in November.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 67.2 in December, being above the threshold for seventeen consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in December was slower than in November.



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