

Purchasing Managers Index of Puerto Rico Manufacturing

November 2021



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PUERTO RICO MANUFACTURING PMI DECREASED TO 53.5 IN NOVEMBER

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 53.5 from October to November. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The Production and Own Inventories sub-indexes decreased with respect to the previous month. On a positive note, New Orders, Employment 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 (57.7%), a reduction in staff (42.31%), a reduction in inventory (50%), and others (11.5%). In contrast, 11.5% 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), decreased clients orders, increased costs and lack of raw material, and 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 83 of the 139 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.

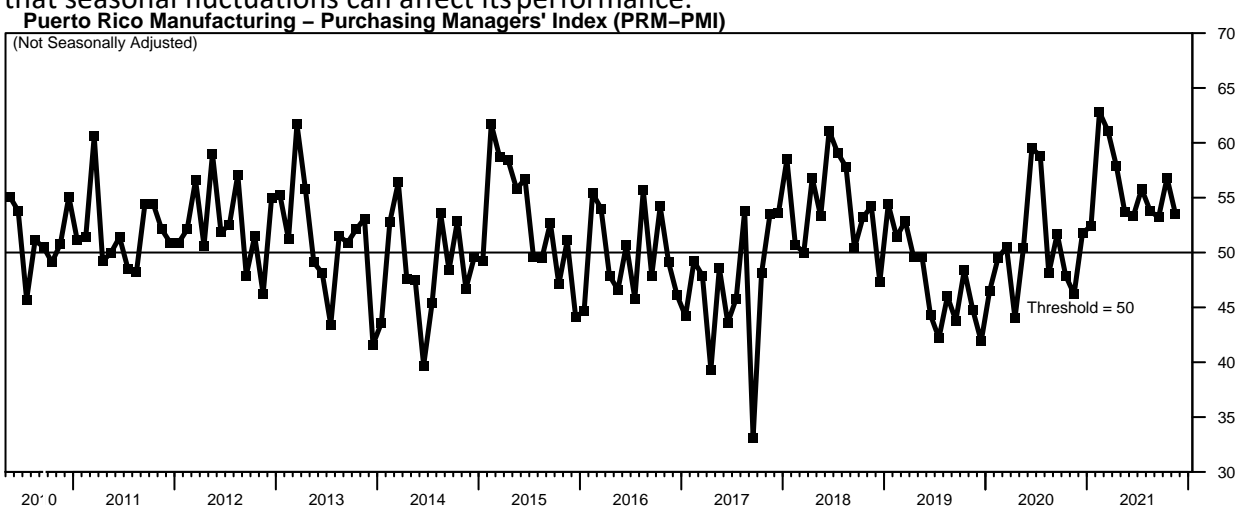


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2021

	Better	Same	Worse	PMI		
Órdenes nuevas	23.1	65.4	11.5	55.8	Higher	New orders
Producción	15.4	53.8	30.8	42.3	Lower	Production
Empleo	23.1	65.4	11.5	55.8	Higher	Employment
Entregas de suplidores	50	46.2	3.8	73.1	Slower	Supplier deliveries
Inventarios de su empresa	19.2	42.3	38.5	40.4	Lower	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 53.5 Expansion

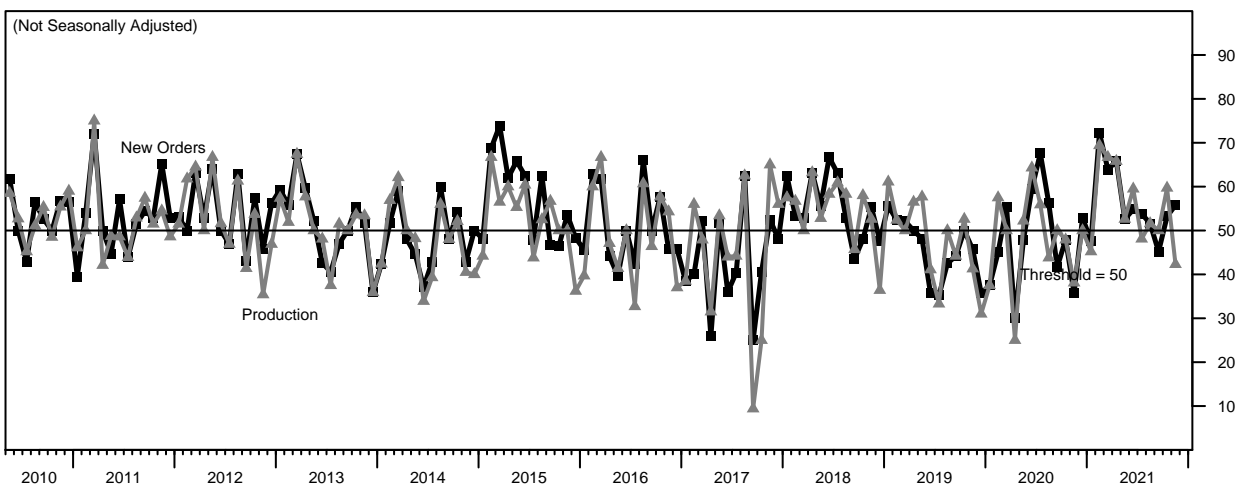
Note: Not Seasonally Adjusted (NSA)

New Orders

In November, the New Orders PMI (NSA) increased to 55.8, being above the threshold for the second consecutive month. A reading above 50 suggests that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in November were higher than in October.

Production

The Production PMI (NSA) decreased to 42.3 in November, being below the threshold for the first time in the past four months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was lower than in October.

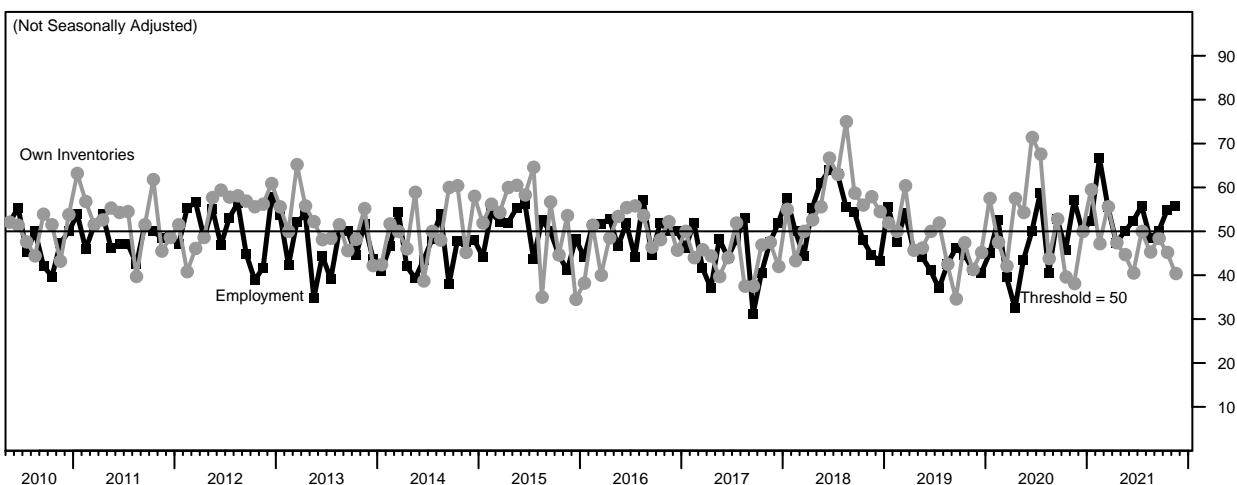


Employment

In November, the Employment PMI (NSA) increased to 55.8, being above the threshold for three consecutive months. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was the higher as in October.

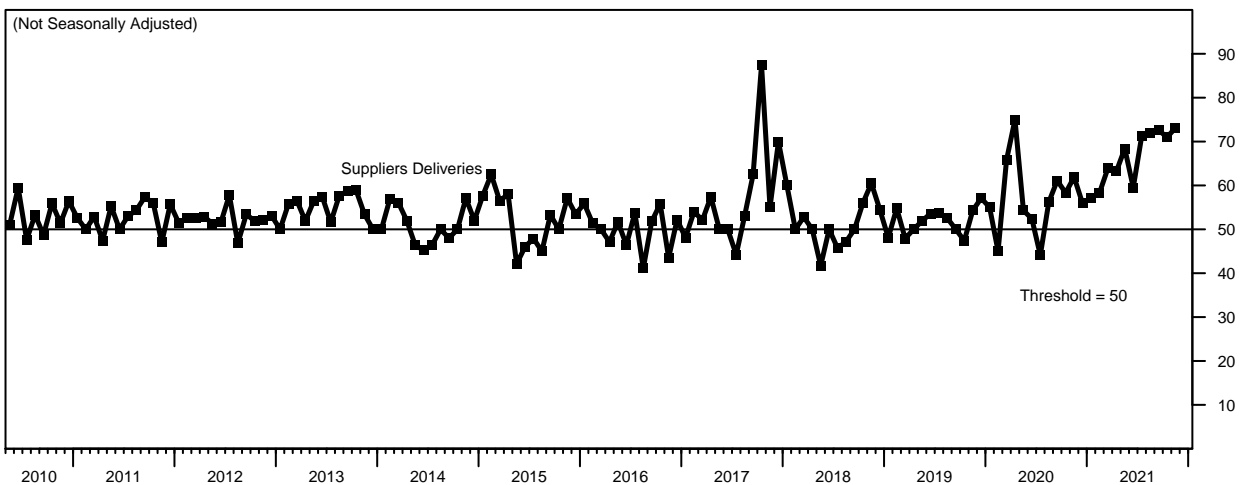
Own Inventories

In November, the Own Inventories PMI (NSA) decreased to 40.4, being below the threshold for four consecutive months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November was lower than in October.



Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 73.1 in November, being above the threshold for sixteen consecutive months. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in November was slower than in October.



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-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