

# Purchasing Managers Index of Puerto Rico Manufacturing

May 2021



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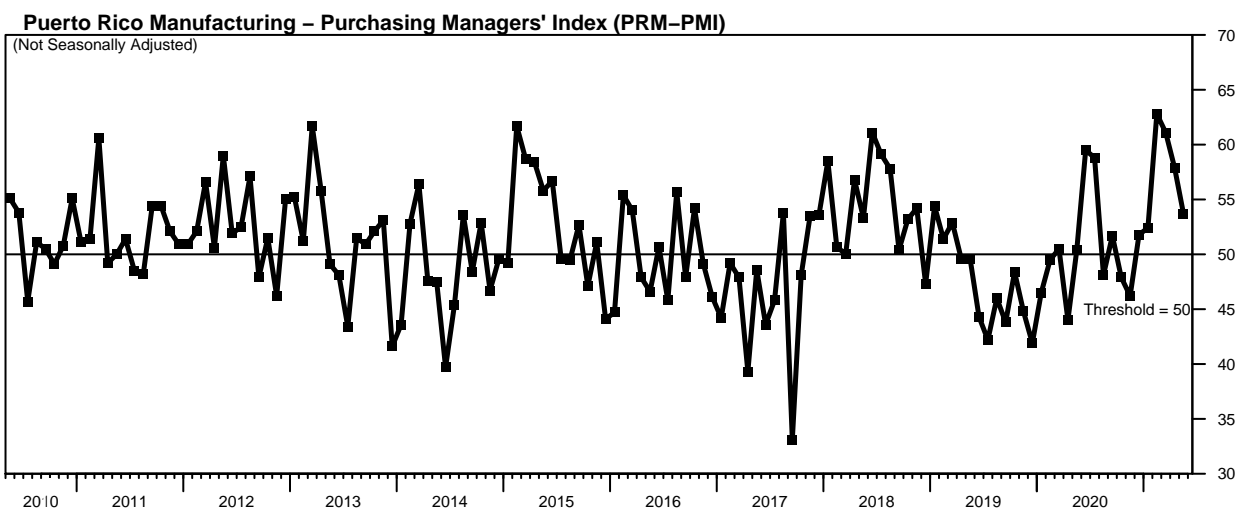
Until 11:00 a.m. (AST) Tuesday, July 1<sup>st</sup>, 2021

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## PUERTO RICO MANUFACTURING PMI DECREASED TO 53.7 IN MAY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 53.7 in May. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The Employment and Suppliers Deliveries sub-indexes increased with respect to the previous month. On a positive note, all the sub-indexes were at or above the threshold level of 50 except for Own Inventories. In a supplemental survey of manufacturing establishments, 0% of the respondents indicated that their operations ceased following the health measures 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 (42%), a reduction in demand (32%), a reduction in staff (37%), a reduction in inventory (37%), and others (21%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 77 of the 133 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 2021**

	Better	Same	Worse	PMI		
Órdenes nuevas	26.3	52.6	21.1	52.6	Higher	New orders
Producción	26.3	52.6	21.1	52.6	Higher	Production
Empleo	21.1	57.9	21.1	50	Same	Employment
Entregas de suplidores	36.8	63.2	0	68.4	Slower	Supplier deliveries
Inventarios de su empresa	15.8	57.9	26.3	44.7	Lower	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>53.7</b>	<b>Expansion</b>	

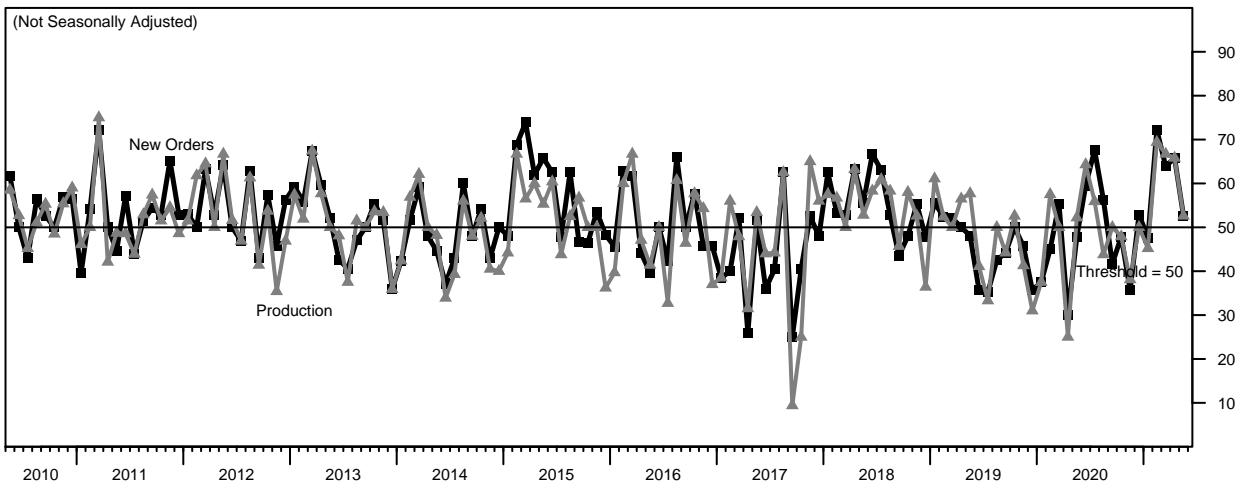
Note: Not Seasonally Adjusted (NSA)

## New Orders

In May, the New Orders PMI (NSA) decreased to 52.6, being above the threshold for four 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) decreased to 52.6 in May, being above the threshold for four consecutive months. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in May was higher than in April.

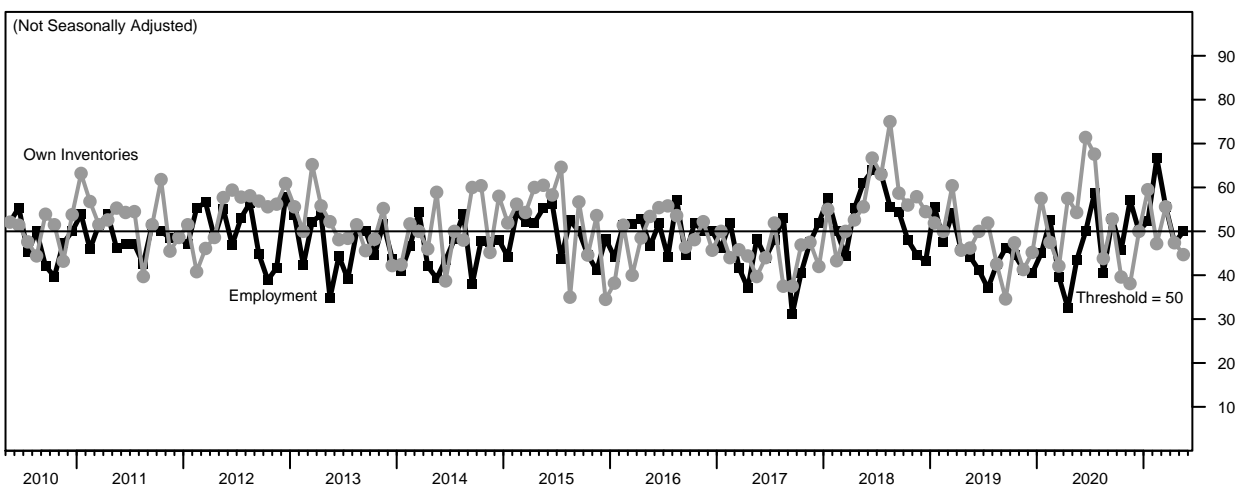


## Employment

In May, the Employment PMI (NSA) increased to 50, after being below the threshold last month. A reading at 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in May was the same as in April.

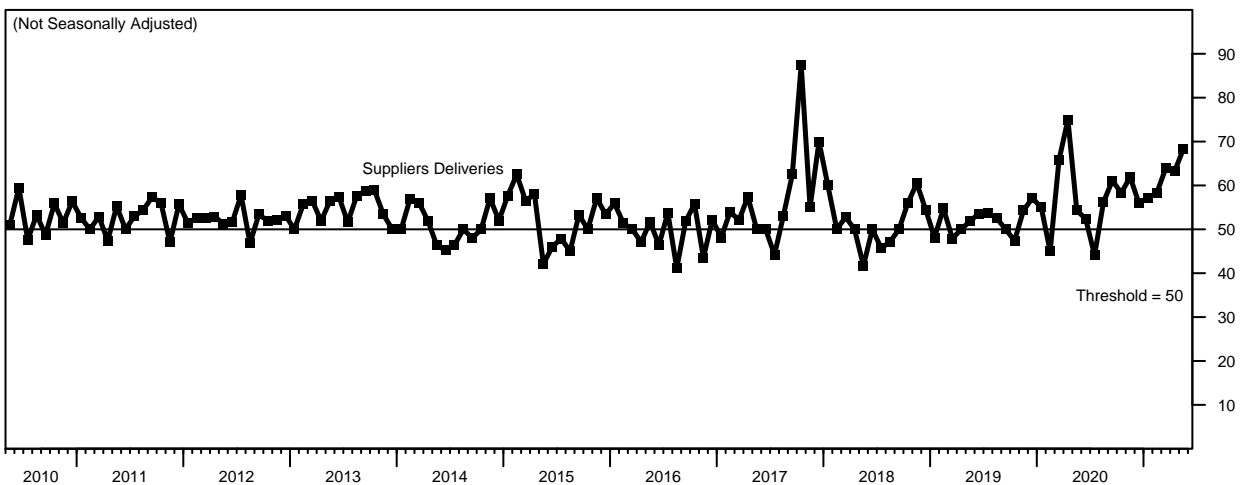
## Own Inventories

In May, the Own Inventories PMI (NSA) decreased to 44.7, being below the threshold for two months. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in May was lower than in April.



## Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 68.4 in May, being above the threshold for ten consecutive months. 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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## 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