

Purchasing Managers Index of Puerto Rico Manufacturing

June 2020



Transmission of material in this release is embargoed

until 10:00 a.m. (AST) Monday, August 3rd, 2020

(787) 819-0730 • preguntas@estadisticas.pr

<https://estadisticas.pr/encuestas/puerto-rico-manufacturing>

PUERTO RICO MANUFACTURING PMI INCREASED TO 59.5 IN JUNE

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector increased to 59.5 in June. A reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The New Orders, Production, Employment and Own Inventories sub-indexes increased with respect to the previous month. On a very positive note, all the sub-indexes were at or above the threshold level of 50. In a supplemental survey of manufacturing establishments, only 5% 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 were: a reduction in suppliers' deliveries (52%), a reduction in demand (43%), a reduction in staff (33%), a reduction in inventory (19%), and others (14%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 69 of the 122 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.

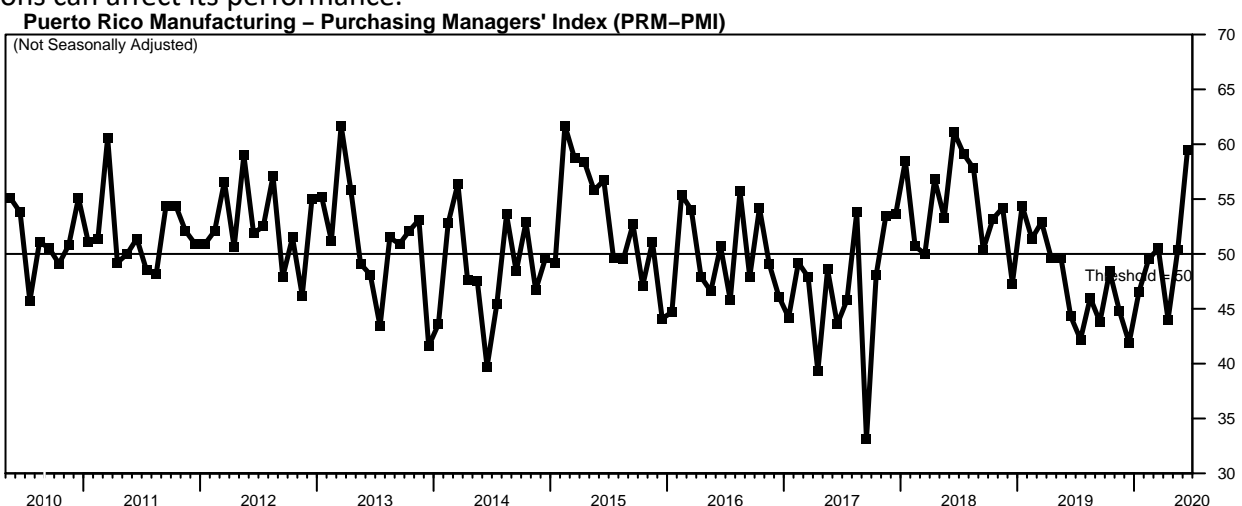


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): June 2020

	Better	Same	Worse	PMI		
Órdenes nuevas	38.1	42.9	19	59.5	Higher	New orders
Producción	38.1	52.4	9.5	64.3	Higher	Production
Empleo	4.8	90.5	4.8	50	Same	Employment
Entregas de suplidores	14.3	76.2	9.5	52.4	Slower	Supplier deliveries
Inventarios de su empresa	47.6	47.6	4.8	71.4	Higher	Own inventories

Puerto Rico Manufacturing – Purchasing Managers Index (NSA) 59.5 Expansion

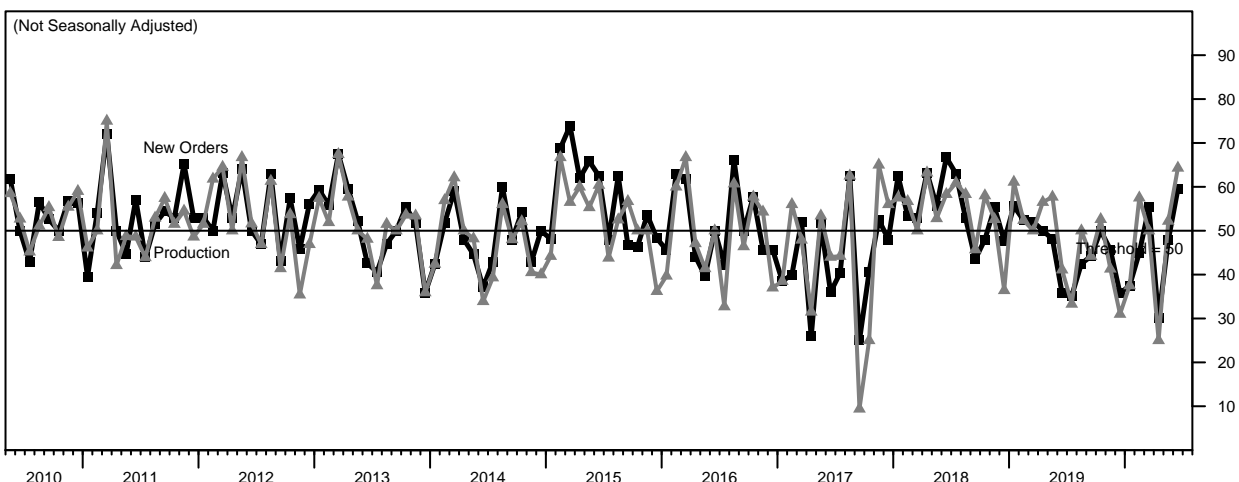
Note: Not Seasonally Adjusted (NSA)

New Orders

In June, the New Orders PMI (NSA) increased to 59.5, after remaining below the threshold for two consecutive months. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in June were higher than in May.

Production

The Production PMI (NSA) increased to 64.3 in June, being above the threshold for the second consecutive month. A reading of above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in June were higher than in May.

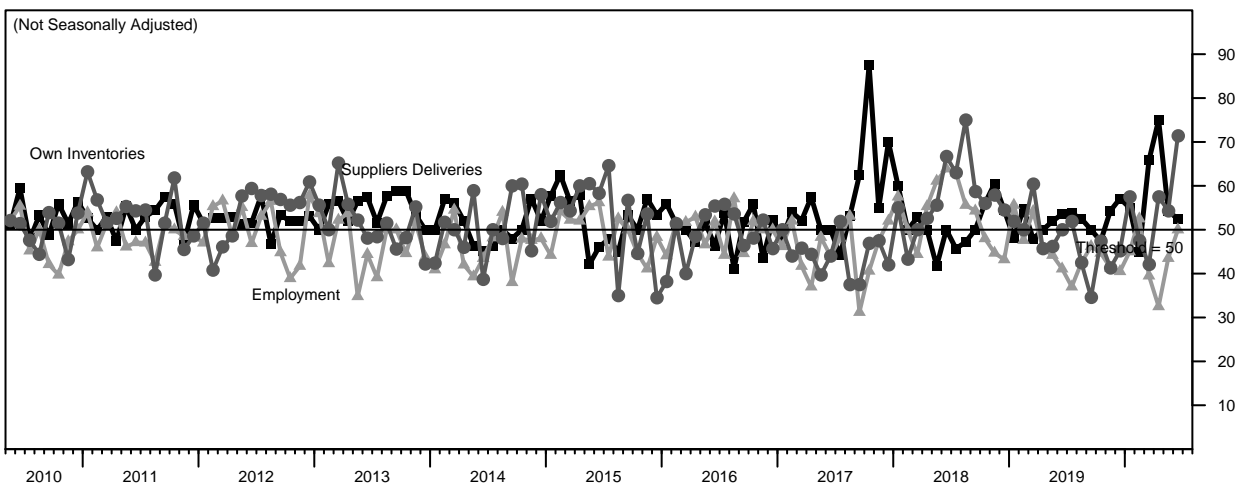


Employment

In June, the Employment PMI (NSA) increased to 50, after remaining below the threshold for three consecutive months. A reading of 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in June was the same as in May.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 52.4 in June, but it remained above the threshold level for the fourth consecutive month. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in June were slower than in May.



Own Inventories

In June, the Own Inventories PMI (NSA) took off to 71.4, remaining above the threshold level of 50 for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in June were higher than in May.

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.

This report was prepared by the staff of the Puerto Rico Institute of Statistics and has not been evaluated by the Board of Directors of the Puerto Rico Institute of Statistics. The information contained in this report need not reflect the official opinion of the Board of Directors of the Puerto Rico Institute of Statistics. No warranty, express or implied, is attached to these figures. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Contact information

Contact person: Ana Gabriela Jara Castro, Statistical Projects Manager
Addresses: Physical – 57 Quisqueya St., Suite 2000, San Juan, PR 00917; Postal – P.O. Box 195484, San Juan, PR 00919
Telephones: Direct – (787) 819-0730; E-mail – ana.jara@estadisticas.pr

To obtain a copy of this report

(1) Visit <https://estadisticas.pr/encuestas/puerto-rico-manufacturing>, (2) email your request to preguntas@estadisticas.pr, (3) call (787) 819-0730, (4) mail your request to the Puerto Rico Institute of Statistics, P.O. Box 195484, San Juan, PR 00919, or (5) visit the offices of the Puerto Rico Institute of Statistics at 57 Quisqueya St., Suite 2000, San Juan, PR 00917, between the hours of 8:00 a.m. and 5:30 p.m. The report is available on paper and in the following electronic formats: pdf and Microsoft Excel. The report is free.

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-19	January 2, 2020
Dec-19	February 3, 2020
Jan-20	March 3, 2020
Feb-20	April 1, 2020
Mar-20	May 1, 2020
Apr-20	June 1, 2020

Reference month	Publication date
May-20	July 1, 2020
Jun-20	August 3, 2020
Jul-20	September 1, 2020
Aug-20	October 1, 2020
Sep-20	November 2, 2020
Oct-20	December 1, 2020