

Purchasing Managers Index of Puerto Rico Manufacturing

July 2020



Transmission of material in this release is embargoed
until 03:00 p.m. (AST) Tuesday, September 1st, 2020
(787) 819-0730 • <https://preguntas.estadisticas.pr/>
<https://estadisticas.pr/encuestas/puerto-rico-manufacturing>

PUERTO RICO MANUFACTURING PMI DECREASED TO 58.8 IN JULY

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased slightly to 58.8 in July. However, a reading above the threshold level suggests an expansion in the manufacturing sector with respect to the previous month. The New Orders and Employment 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 except for the Supplier Deliveries sub-index. In a voluntary supplemental survey of manufacturing establishments, only 6% 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 sector were: a reduction in suppliers' deliveries (53%), a reduction in demand (47%), a reduction in staff (35%), a reduction in inventory (24%), and others (24%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 70 of the 123 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.

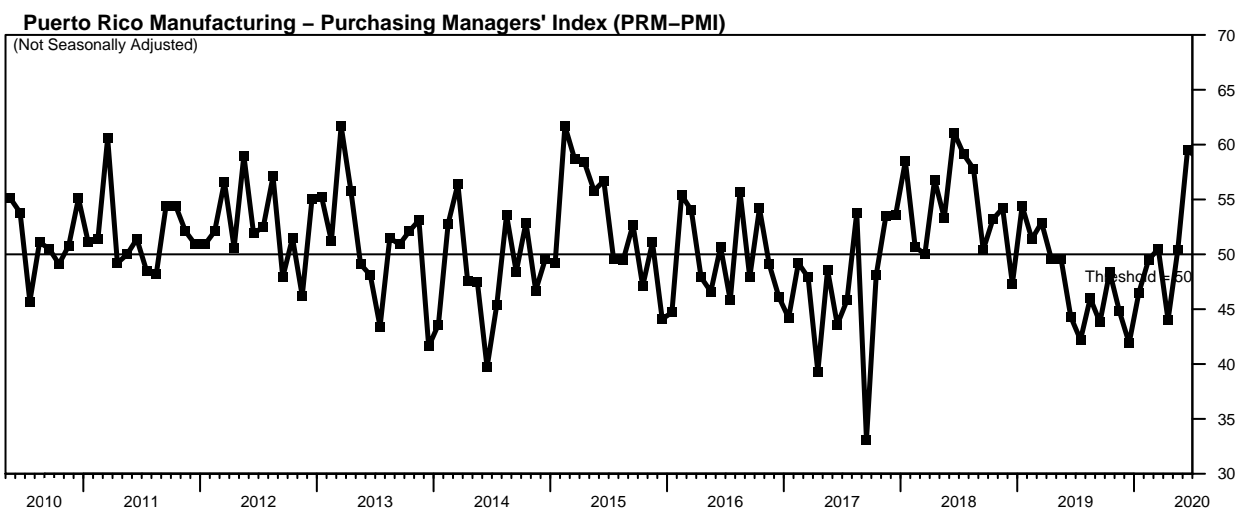


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): July 2020

	Better	Same	Worse	PMI		
Órdenes nuevas	47.1	41.2	11.8	67.6	Higher	New orders
Producción	35.3	41.2	23.5	55.9	Higher	Production
Empleo	17.6	82.4	0	58.8	Higher	Employment
Entregas de suplidores	0	88.2	11.8	44.1	Faster	Supplier deliveries
Inventarios de su empresa	41.2	52.9	5.9	67.6	Higher	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				58.8	Expansion	

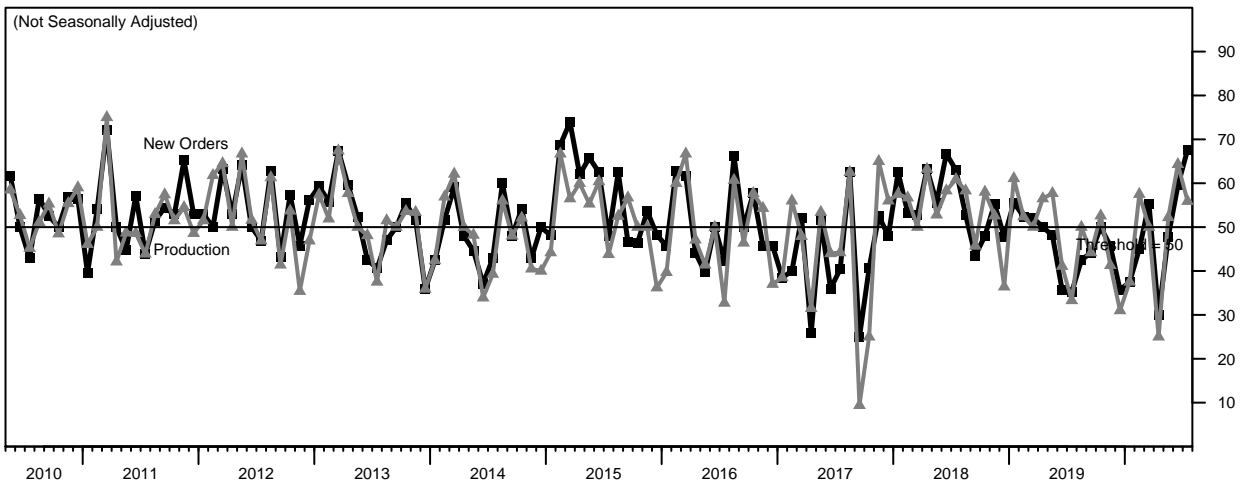
Note: Not Seasonally Adjusted (NSA)

New Orders

In July, the New Orders PMI (NSA) increased to 67.6, being above the threshold for the second consecutive month. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in July were higher than in June.

Production

The Production PMI (NSA) decreased to 55.9 in July, being above the threshold for the third consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in July were higher than in June.

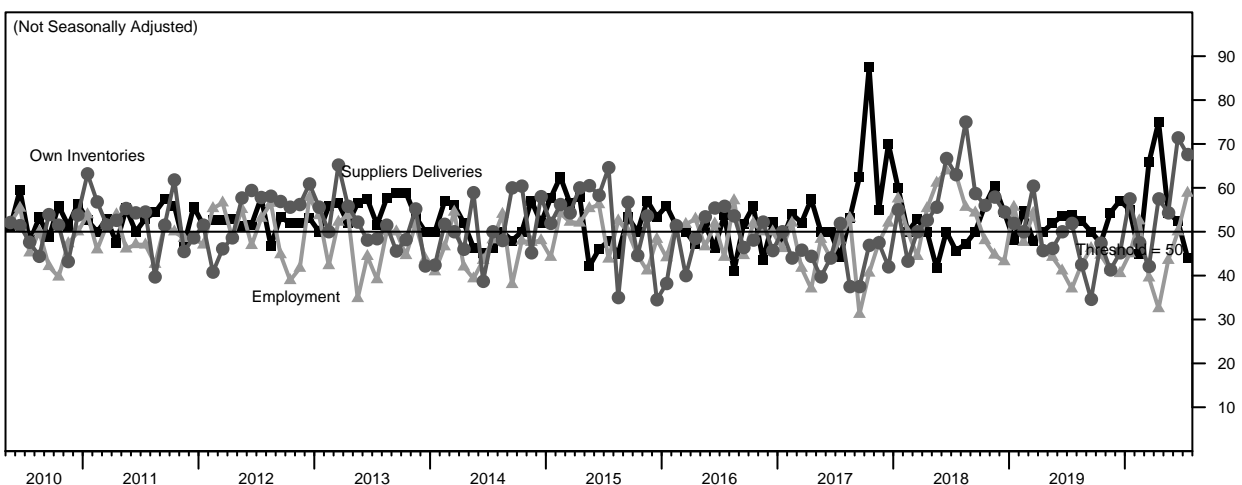


Employment

In July, the Employment PMI (NSA) increased to 58.8, being above the threshold for the second consecutive month. A reading above 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in July was higher than in June.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) decreased to 44.1 in July, after remaining above the threshold level for fourth consecutive months. A reading below the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in June was faster than in June.



Own Inventories

In July, the Own Inventories PMI (NSA) decreased to 67.6, remaining above the threshold level of 50 for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in July were higher than in June.

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