

# Purchasing Managers Index of Puerto Rico Manufacturing

## October 2020



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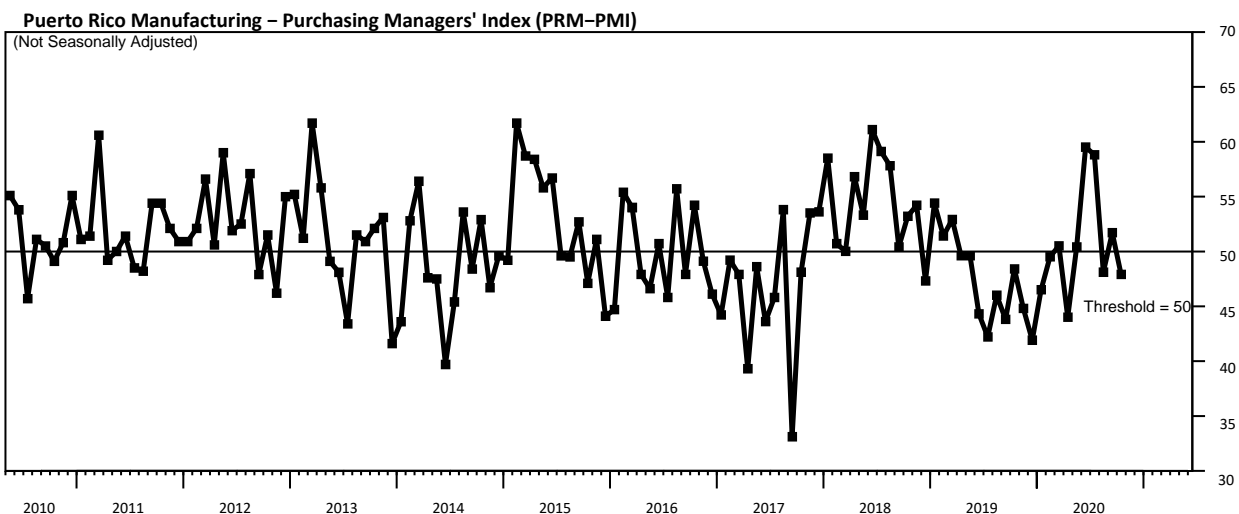
Until 4:00 p.m. (AST) Tuesday, December 1st, 2020

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### PUERTO RICO MANUFACTURING PMI DECREASED TO 47.9 IN OCTOBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 47.9 in October. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. All the sub-indexes decreased with respect to the previous month except for the New Orders sub-index. On a positive note, the Suppliers Deliveries sub-index was above the threshold level of 50. In a voluntary supplemental survey of manufacturing establishments, only 0% 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 (38%), a reduction in demand (46%), a reduction in staff (38%), a reduction in inventory (33%), and others (8%). The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 71 of the 126 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): October 2020**

	Better	Same	Worse	PMI		
Órdenes nuevas	20.8	54.2	25	47.9	Lower	New orders
Producción	25	45.8	29.2	47.9	Lower	Production
Empleo	8.3	75	16.7	45.8	Lower	Employment
Entregas de suplidores	16.7	83.3	0	58.3	Slower	Supplier deliveries
Inventarios de su empresa	12.5	54.2	33.3	39.6	Lower	Own inventories

**Puerto Rico Manufacturing – Purchasing Managers Index (NSA)**

**47.9**

**Contraction**

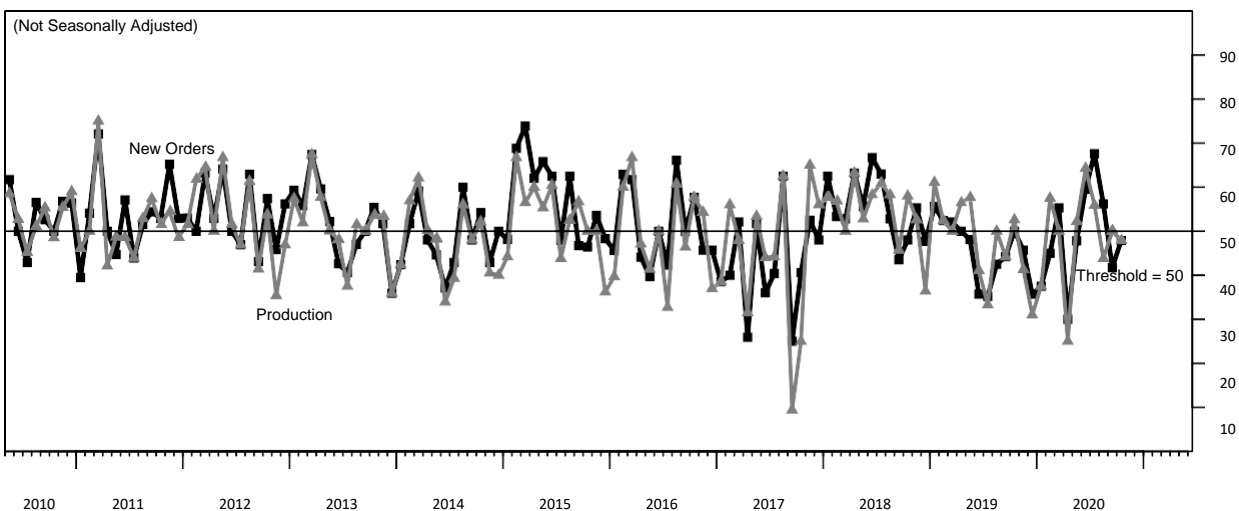
Note: Not Seasonally Adjusted (NSA)

## New Orders

In October, the New Orders PMI (NSA) increased to 47.9, being below the threshold level for the second consecutive month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, new orders at manufacturing establishments in October were lower than in September.

## Production

The Production PMI (NSA) decreased to 47.9 in October, being below the threshold level. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in October were lower than in September.

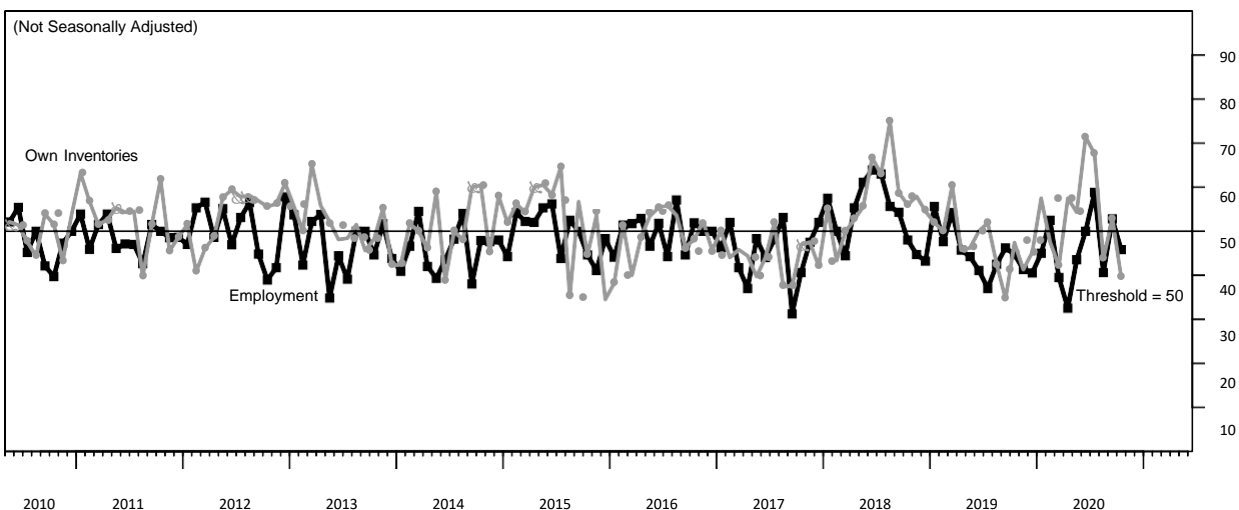


## Employment

In September, the Employment PMI (NSA) decreased to 45.8, after being above the threshold level last month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in October was lower than in September.

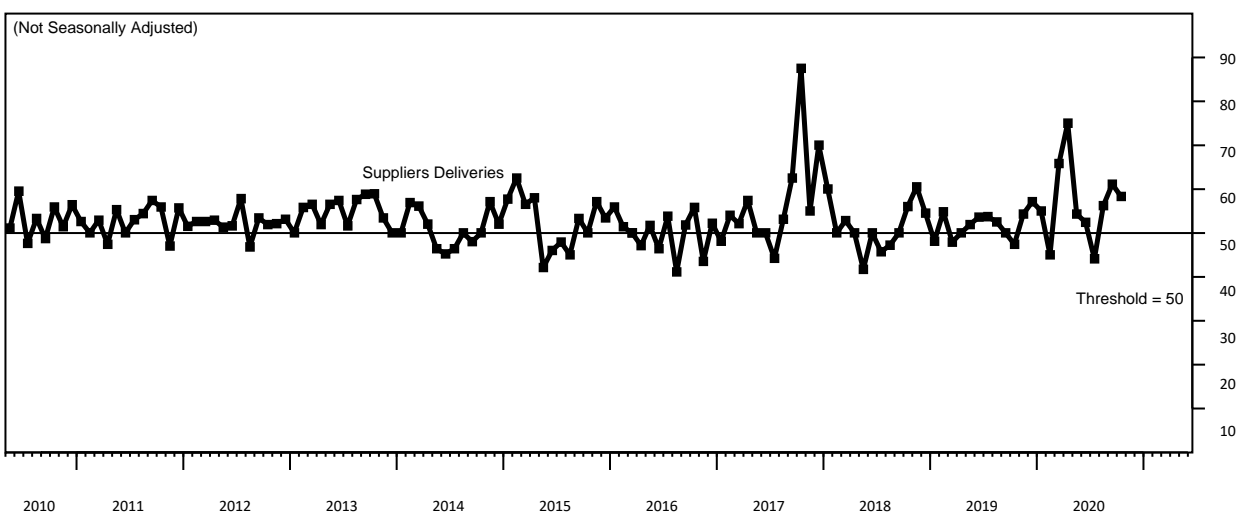
## Own Inventories

In October, the Own Inventories PMI (NSA) decreased to 39.6. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in October were lower than in September.



## Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 58.3 in October, being above the threshold for the second consecutive month. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in October was slower than in September.



### 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 2021:

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