

# Purchasing Managers Index of Puerto Rico Manufacturing

December 2019



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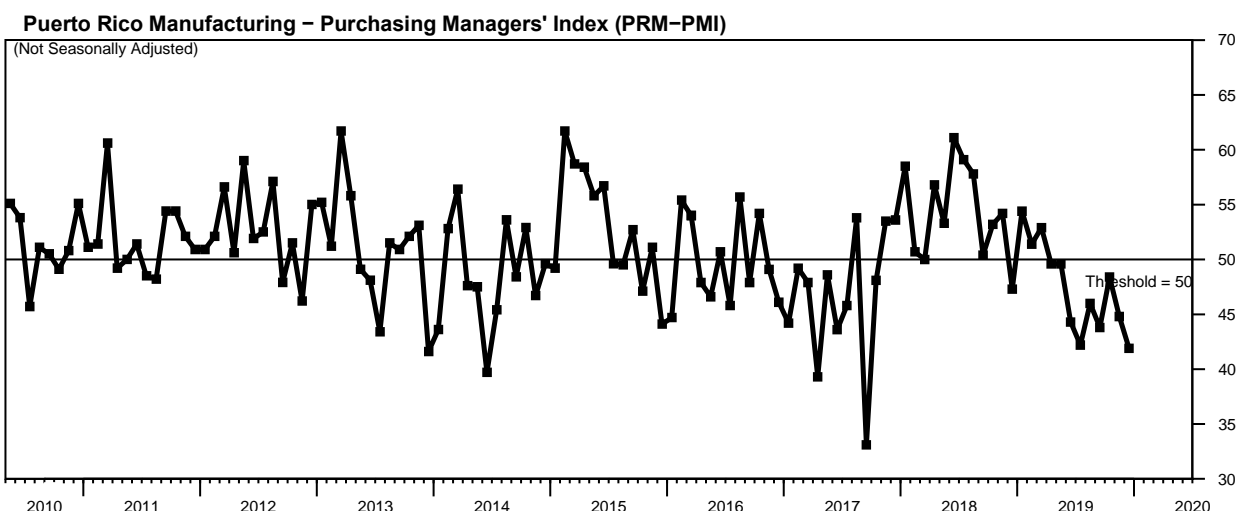
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## PUERTO RICO MANUFACTURING PMI DECREASED TO 41.9 IN DECEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 41.9 in December, and remained below the threshold level for the ninth consecutive month. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders and Production sub-indexes decreased with respect to the previous month. The Employment, Supplier Deliveries and Own Inventories sub-indexes increased with respect to previous month. Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 66 of the 116 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): December 2019**

	Better	Same	Worse	PMI		
Órdenes nuevas	19	33.3	47.6	35.7	Lower	New orders
Producción	9.5	42.9	47.6	31	Lower	Production
Empleo	9.5	61.9	28.6	40.5	Lower	Employment
Entregas de suplidores	19	76.2	4.8	57.1	Slower	Supplier deliveries
Inventarios de su empresa	28.6	33.3	38.1	45.2	Lower	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>41.9</b>	<b>Contraction</b>	

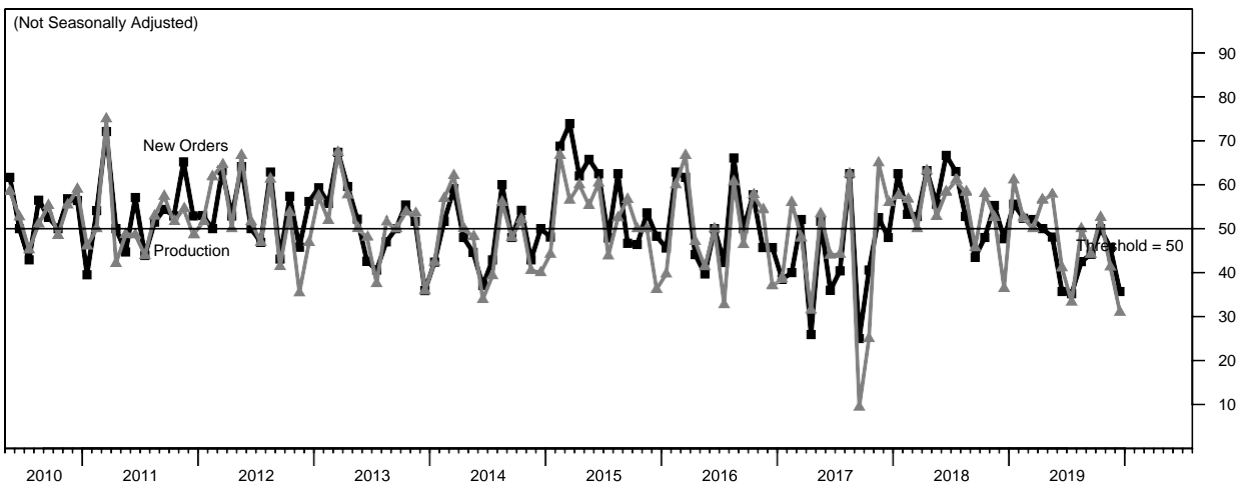
Note: Not Seasonally Adjusted (NSA)

## New Orders

In December, the New Orders PMI (NSA) decreased to 35.7, which is below the threshold. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in December were the lower than in November.

## Production

The Production PMI (NSA) declined to 31.0 in December, after having reached to 38.6 last month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in December was lower than in November.

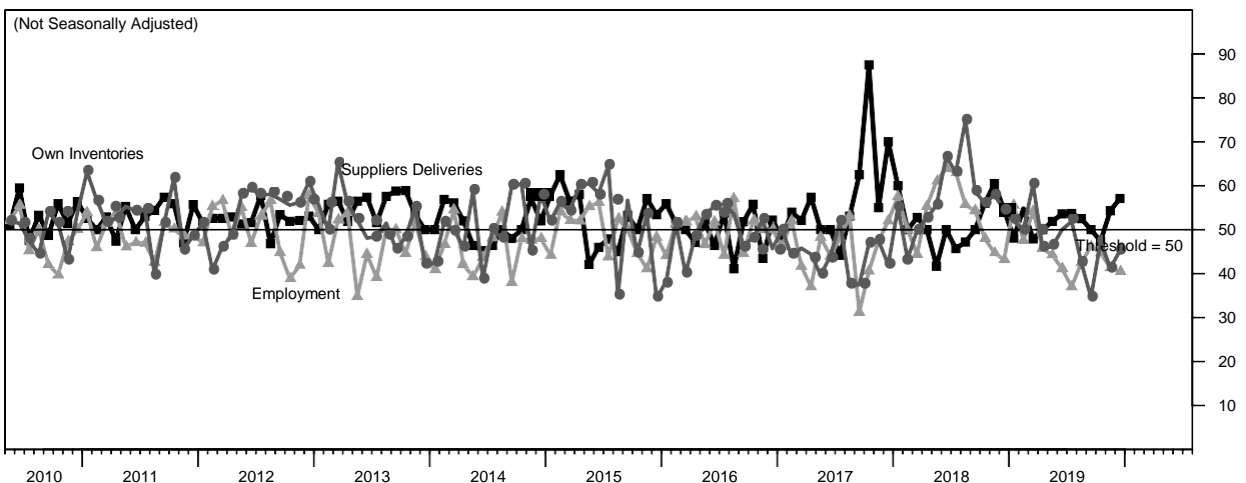


## Employment

In December, the Employment PMI (NSA) increased to 40.5, remaining below the threshold level for the eight consecutive month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis there was contraction. Manufacturing employment in December increased compared to November.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) increased to 57.1 in December, being above the threshold level. A reading above the threshold of 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in December was faster than in November.



## Own Inventories

In December, the Own Inventories PMI (NSA) increased to 45.2, but remained below the threshold level of 50, for a fifth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in December were lower than in November.

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### 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-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