

Purchasing Managers Index of Puerto Rico Manufacturing

November 2019



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

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PUERTO RICO MANUFACTURING PMI DECREASED TO 43.2 IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector decreased to 43.2 in November, and remained below the threshold level for the eighth consecutive month. A reading below the threshold level suggests a contraction in the manufacturing sector with respect to the previous month. The New Orders, Production, Employment and Own Inventories sub-indexes decreased with respect to the previous month. Only the Supplier Deliveries sub-index 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 115 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.

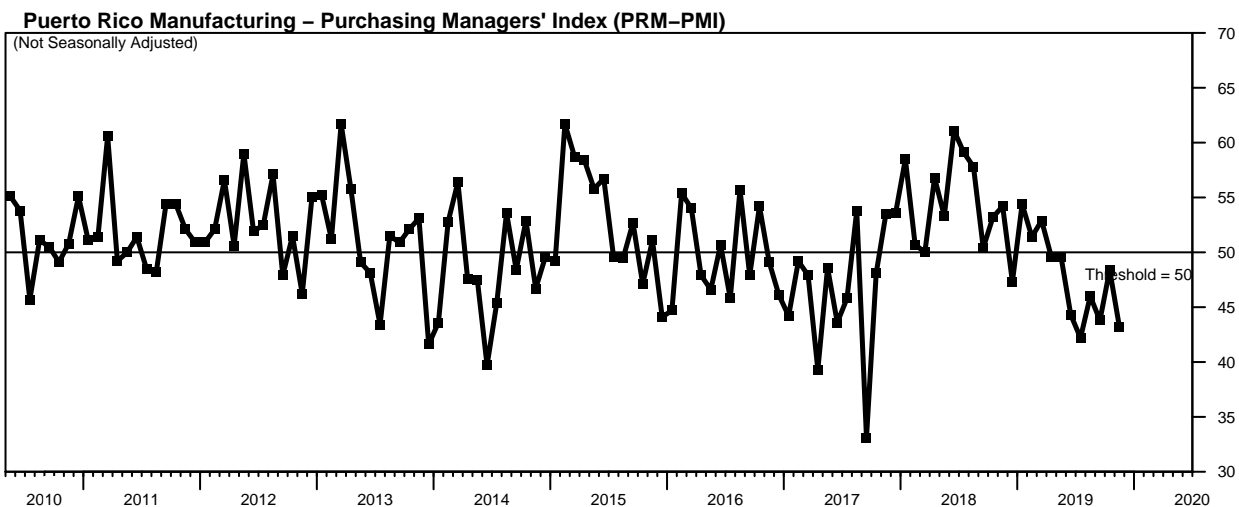


Table 1. Puerto Rico Manufacturing – Purchasing Managers' Index (NSA): November 2019

	Better	Same	Worse	PMI		
Órdenes nuevas	18.2	50	31.8	43.2	Lower	New orders
Producción	13.6	50	36.4	38.6	Lower	Production
Empleo	0	77.3	22.7	38.6	Lower	Employment
Entregas de suplidores	4.5	95.5	0	52.3	Slower	Supplier deliveries
Inventarios de su empresa	13.6	59.1	27.3	43.2	Lower	Own inventories
Puerto Rico Manufacturing – Purchasing Managers Index (NSA)				43.2	Contraction	

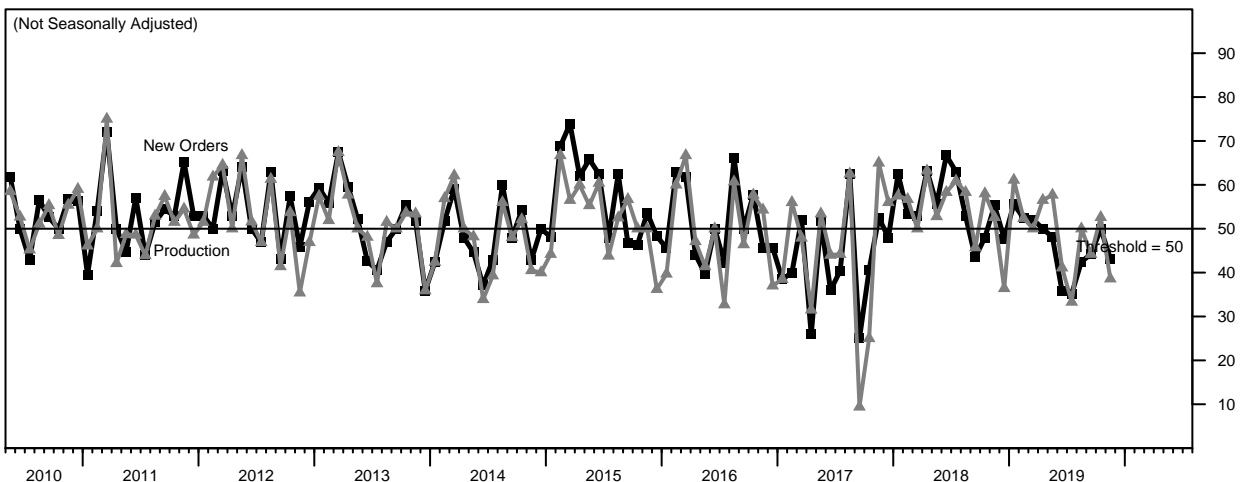
Note: Not Seasonally Adjusted (NSA)

New Orders

In October, the New Orders PMI (NSA) decreased to 43.2, which is below the threshold. A reading below 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in November were lower than in October.

Production

The Production PMI (NSA) declined to 38.6 in October, after having climbed to 52.6 last month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was lower than in October.

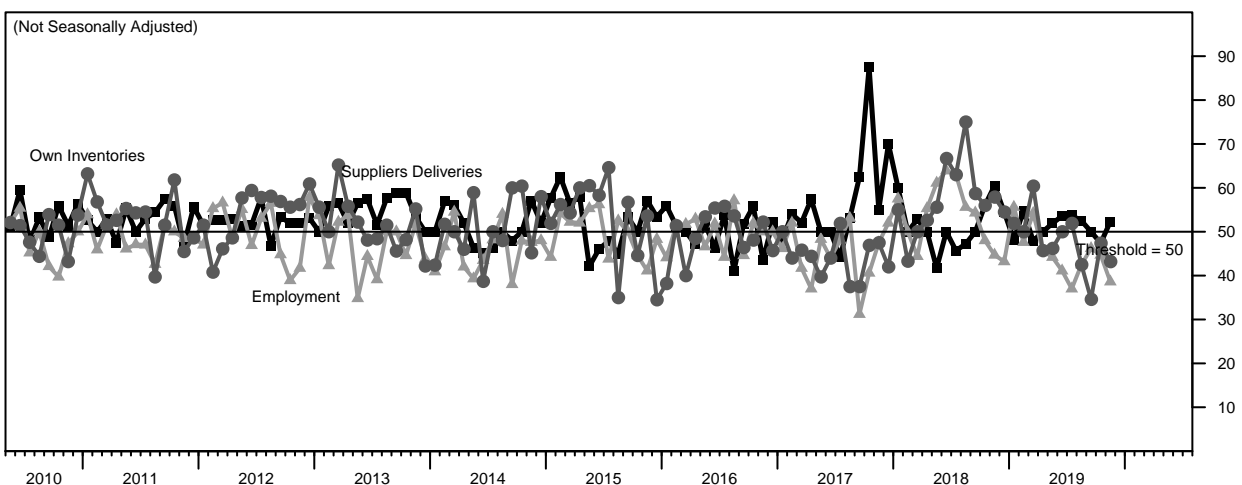


Employment

In November, the Employment PMI (NSA) declined to 38.6, remaining below the threshold level for the seventh consecutive month. A reading below 50 suggests that on a Non-Seasonally Adjusted (NSA) basis there was contraction. Manufacturing employment in November decreased compared to October.

Supplier Deliveries

The Supplier Deliveries PMI (NSA) rose to 52.3 in November, 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 November was faster than in October.



Own Inventories

In October, the Own Inventories PMI (NSA) decreased to 43.2, staying, below the threshold level of 50, for a fourth consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, inventories in manufacturing establishments in November were lower than in October.

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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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

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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