

# Purchasing Managers Index of Puerto Rico Manufacturing

## November 2017

Transmission of material in this release is embargoed

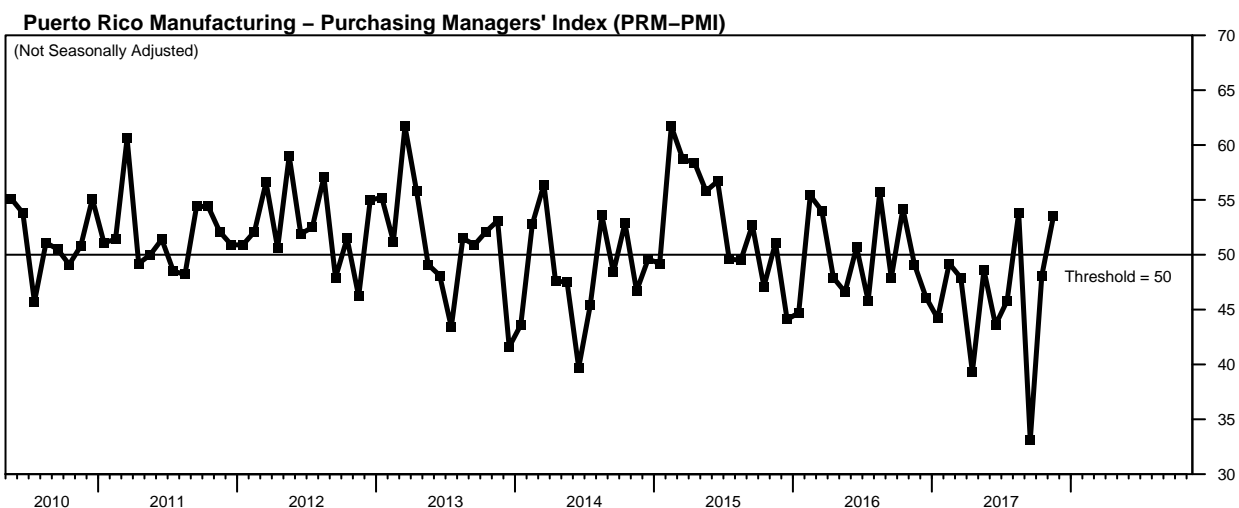
until 10:00 a.m. (AST) Tuesday, January 2, 2018

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

### ABOUT HALF OF MANUFACTURING OPERATES UNDER NORMAL CONDITIONS IN NOVEMBER

On a Non-Seasonally Adjusted (NSA) basis, the Purchasing Managers Index (PMI) for Puerto Rico's manufacturing sector rose to 53.5 in November, after two consecutive months below the threshold level of 50. A reading above the threshold suggests an improvement in business conditions in the manufacturing sector with respect to the previous month. All of the sub-indexes rose in November with respect to the previous month, except for the Suppliers Deliveries sub-index which plunged to 55.0, following hurricane-related supply disruptions in the previous two months. About half of the manufacturing businesses reported operating under normal conditions during the month of November. Major factors still affecting manufacturing during November include telecommunications system failure (70%), lack of electricity (65%), and lack or delay of supplies needed for production (45%). Also, 35% of respondents indicated that they transferred, temporarily or permanently, their supply chain off Puerto Rico partially or completely for some product. The Puerto Rico Manufacturing-Purchasing Managers Index (PRM-PMI) has been at or above the threshold level in 51 of the 91 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 2017**

	Better	Same	Worse	PMI		
Órdenes nuevas	35	35	30	52.5	Higher	New orders
Producción	50	30	20	65	Higher	Production
Empleo	10	75	15	47.5	Lower	Employment
Entregas de suplidores	35	40	25	55	Slower	Supplier deliveries
Inventarios de su empresa	25	45	30	47.5	Lower	Own inventories
<b>Puerto Rico Manufacturing – Purchasing Managers Index (NSA)</b>				<b>53.5</b>	<b>Expansion</b>	

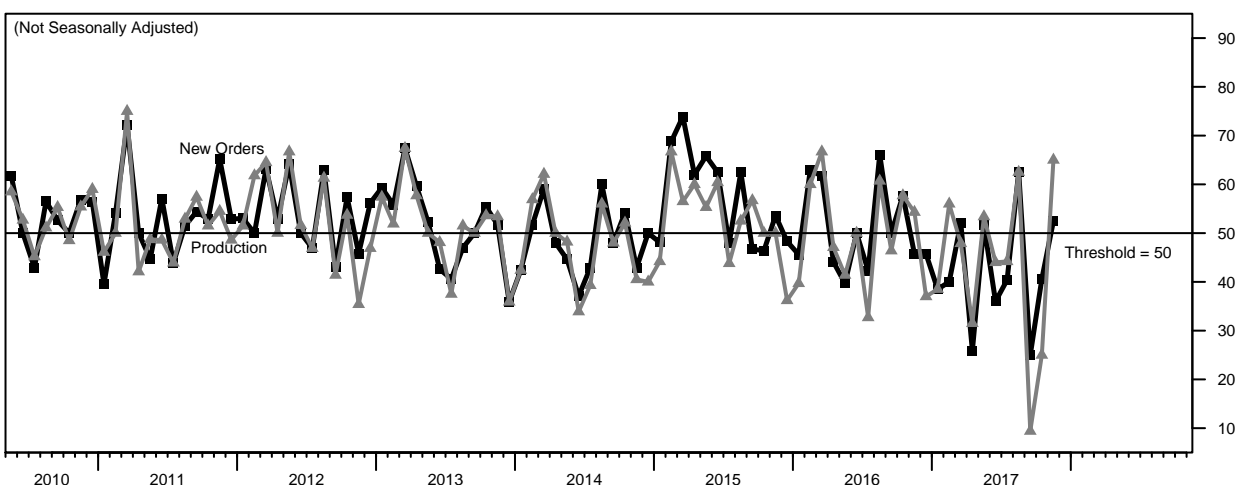
Note: Not Seasonally Adjusted (NSA)

## New Orders

In November, the New Orders PMI (NSA) vaulted over the threshold level to 52.5, after two consecutive months below. A reading above 50 indicates that on a Non-Seasonally adjusted (NSA) basis, new orders at manufacturing establishments in November were higher than in October.

## Production

The Production PMI (NSA) took off to 65.0 in November, skyrocketing over the threshold level after two consecutive months below. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing production in November was higher than in October.

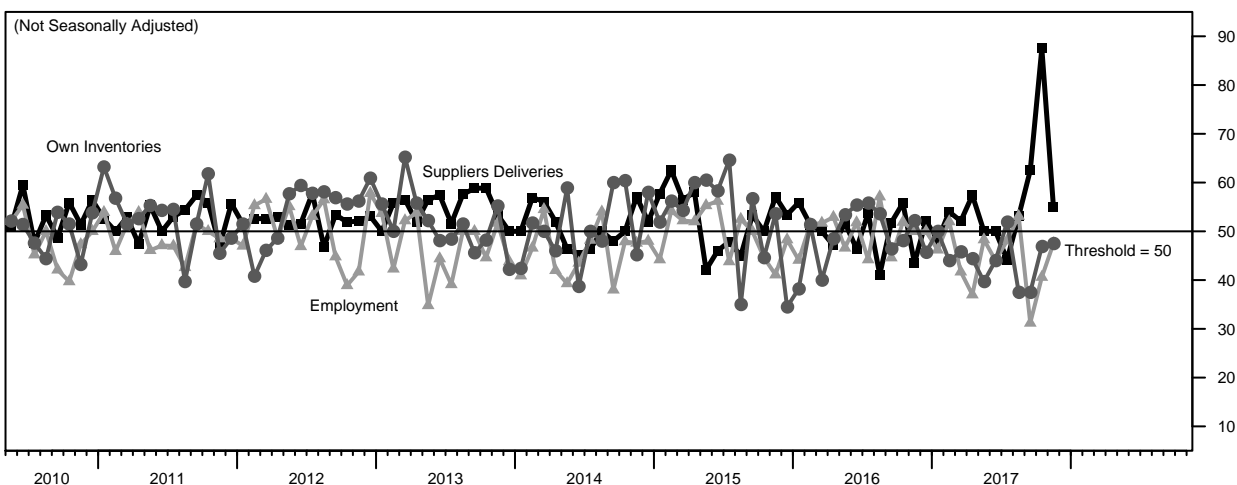


## Employment

In November, the Employment PMI (NSA) edged up to 47.5, but remained below the threshold level for the third consecutive month. A reading below 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, manufacturing employment in November was lower than in October.

## Supplier Deliveries

The Supplier Deliveries PMI (NSA) plunged to 55.0, but remained over the threshold lever for the fourth consecutive month. A reading above 50 indicates that on a Non-Seasonally Adjusted (NSA) basis, the speed of supplier deliveries in November was slower than in October.



## Own Inventories

In November, the Own Inventories PMI (NSA) ticked up to 47.5, but remained below the threshold level for the 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.

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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 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. In specific, 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. 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 2016:

Reference month	Publication date
Nov-16	January 4, 2017
Dec-16	February 1, 2017
Jan-17	March 1, 2017
Feb-17	April 3, 2017
Mar-17	May 1, 2017
Apr-17	June 1, 2017

Reference month	Publication date
May-17	July 3, 2017
Jun-17	August 1, 2017
Jul-17	September 1, 2017
Aug-17	October 2, 2017
Sep-17	November 1, 2017
Oct-17	December 1, 2017