News Release

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S&P Global Mexico Manufacturing PMI®

Mexico's manufacturing industry stuck in contraction as cost pressures intensify

Key findings

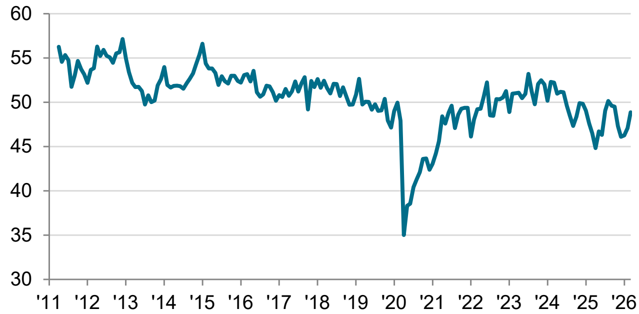
New orders and international sales decline further...

...prompting cutbacks in production volumes

Fastest rise in input prices since last September

Mexico Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-23 March 2026.

The health of Mexico's manufacturing economy continued to worsen, though rates of contraction in new business, export orders, input purchasing and production all softened from those registered in February. On the price front, there was a quicker increase in input costs, with companies linking upward pressures to tariffs, unfavourable exchange rates and the Middle East war. Goods producers mostly absorbed additional cost burdens, as shown by an uptick in selling charges that was only slight.

At 48.9 in March, the headline **S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI®)** indicated a seventh consecutive deterioration in business conditions. Rising from 47.1 in February, however, the latest figure indicated the slowest contraction in five months.

New orders decreased for the fifth straight month at the end of the first quarter, but the pace of reduction was moderate and the least pronounced over this period. Where a fall was reported, panel members commented on demand retrenchment, inflationary pressures and subdued investment. US tariffs and the Middle East war were also cited as reasons behind the drop.

External sales likewise fell at the weakest rate in five months. Goods producers that registered a deterioration in international demand cited the US-Israel war with Iran as a detrimental factor. They particularly mentioned lower orders from clients in Japan and the US.

Ongoing declines in new work intakes reportedly urged firms to scale down production. Companies also indicated that cashflow problems, a lack of pricing power and inflationary pressures hampered output. Although solid, the current drop was the slowest since last October.

Amid reports of tariffs, unfavourable exchange rates and the war in the Middle East, input prices continued to rise in March. Firms signalled greater outlays on chemicals, energy, fabrics, foodstuff, freight, fuel, metals, plastics and textiles.

Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

"In addition to lingering domestic challenges ranging from inflationary pressures and subdued investment to highway insecurity and demand retrenchment, Mexican goods producers also reported that the Middle East war negatively impacted their operations.

"The PMI results for March highlighted further, albeit softer, declines in total sales and international orders, which urged firms to trim headcounts and production volumes once again. Manufacturers remained reluctant to raise stocks, suggesting that minimal purchases were made solely to meet current requirements.

"Other factors that restricted buying levels included cashflow issues and inflationary pressures. Regarding the latter, businesses signalled the steepest rise in costs since last September as tariffs, the war in the Middle East and unfavourable exchange rates pushed up chemical, energy, fabric, freight, fuel, metal, plastic and textile costs. They mostly absorbed this increase in input prices, however, as indicated by only a slight uptick in output charges."

The overall rate of cost inflation was at a six-month high and well above its long-run average.

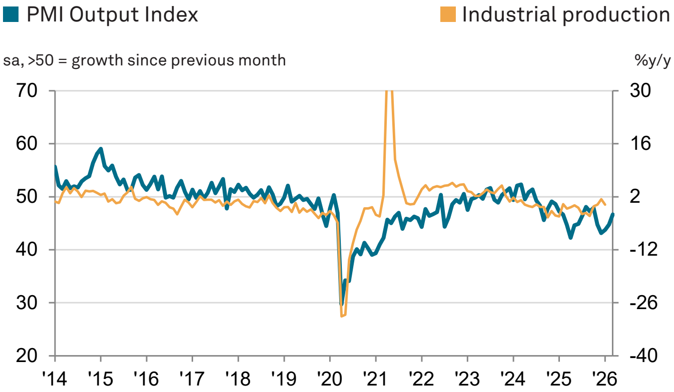
Despite the intensification of cost pressures, prices charged for manufactured goods rose only slightly. The rate of inflation was broadly aligned with the series trend.

Firms' reluctance to spend was evidenced through reduced input purchasing and another round of job shedding. Regarding the latter, qualitative data pointed to permanent workers being placed on technical breaks, the non-replacement of departing staff and non-renewals of short-term contracts. Rates of contraction in both buying levels and employment were softer than those registered in February, however.

Mexican manufacturers continued to report a preference for low stocks amid dwindling sales and price pressures. Holdings of both pre- and post-production items decreased further, but to lesser extents than those observed in the previous month.

On the supply side, goods producers cited disruptions once again. According to them, delays in the delivery of purchased materials ranged from one to three weeks due to highway blockades, insecurity and the war in the Middle East. Average lead times lengthened to the greatest degree since November 2024.

Regarding their own backlogs, panellists recorded an accumulation. The rate of increase in outstanding business volumes quickened from the previous month and was moderate. When explaining the rise, companies remarked on longer delivery times for inputs and material shortages.



Sources: S&P Global PMI, INEGI via S&P Global Market Intelligence.

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Survey methodology

The S&P Global Mexico Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 350 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2011.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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