

# News Release

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## S&P Global Mexico Manufacturing PMI®

### Manufacturers scale back production and shed jobs as new sales dwindle

#### Key findings

New orders, employment and output fall further

Firms trim buying levels and deplete stocks

Weakest rise in input costs for six months

Manufacturing PMI® data for Mexico, compiled by S&P Global, continued to reveal challenging business conditions in October. Driven by a prolonged decline in new business inflows, firms reduced production volumes, laid off workers, and trimmed their input purchases. Cost burdens rose further, with the rate of inflation remaining high despite receding to the weakest since April, prompting another mild uptick in factory gate charges.

Registering 48.4 in October, the S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI) was in sub-50.0 contraction territory for the fourth successive month. That said, rising from 47.3 in September, the latest reading was consistent with a softer deterioration in the health of the sector that was modest overall.

The increase in the headline index was due to weaker contractions in new orders, output, employment and stocks of purchases. Delivery times, which is inverted before entering the PMI aggregation, lengthened to a greater extent.

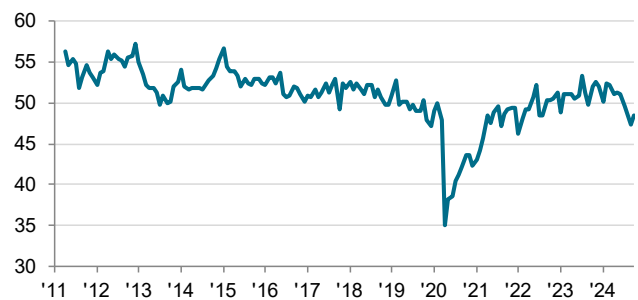
Total new orders declined for the fourth consecutive month, with survey participants noting unfavourable demand trends, projects pending approval, cashflow challenges among clients and intense competition from China. Although easing from September, the pace of contraction was marked.

This sustained decline in total sales prompted manufacturers to scale back production, but here the rate of reduction was moderate.

Parallel to a continuous decline in total new orders, Mexican manufacturers signalled another contraction in international sales. Anecdotal evidence mostly pointed to weaker demand from US clients.

Demand retrenchment urged goods producers to reduce their workforce numbers, primarily by opting to not renew temporary contracts and encouraging permanent workers to take technical breaks. Net employment decreased for the

Mexico Manufacturing PMI  
sa, >50 = growth since previous month



Source: S&P Global PMI.  
Data were collected 10-23 October 2024.

#### Comment

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

*"Amid a widespread contraction in various sub-indices from our survey, the PMI results for October revealed some silver linings. Notably, there was a welcome easing of cost pressures and a stabilisation of selling price inflation."*

*"Another encouraging sign was a rebound in business confidence, largely driven by hopes for improved trade conditions following the US election."*

*"While Mexican manufacturers began the final quarter of 2024 on shaky ground, as indicated by further declines in total sales, new export orders and production, it is reassuring that the pace of these reductions has at least slowed."*

*"Qualitative survey responses suggested that, despite a glimmer of optimism, companies continue to wrestle with cashflow challenges and remain reluctant to hire or rebuild inventories until demand shows signs of turning a corner."*

PMI®

by S&P Global

sixth month in succession, but at the weakest pace since June.

Firms also tightened the purse strings by restricting input purchases. Overall buying levels declined at a solid pace that was broadly similar to September. October's fall was associated with projects pending approval, material shortages at vendors and cashflow problems.

Cost pressures retreated to their lowest since April, but remained historically elevated. According to panel members, unfavourable exchange rate movements, taxation on Chinese imports and higher prices for critical components all pushed overall cost burdens higher.

Selling prices also increased in October, albeit to a mild degree that matched that seen in September. In fact, fewer than 2% of companies indicated higher selling prices.

Despite fading input demand, the latest results showed a further deterioration in vendor performance. Average lead times on input lengthened to the greatest extent in three months, amid reports of highway insecurity, disruptions in maritime transportation and customs documentation challenges.

Goods producers signalled ongoing declines in input inventories during October. Although solid, the rate of depletion softened from September. Meanwhile, finished goods stocks were broadly stable.

Largely due to hopes of better export conditions after the US election, new product releases, calls for bids and the approval of pending projects, manufacturers forecast output growth in the year ahead. Moreover, the overall level of positive business sentiment rose to an 11-month high in October.

## PMI Output Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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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](mailto:economics@spglobal.com).

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