

# News Release

Embargoed until 0900 CST (1500 UTC) 2 May 2024

## S&P Global Mexico Manufacturing PMI®

### Manufacturing growth slows amid export weakness and competition from mainland China

#### Key findings

Mexico's Manufacturing PMI slips to 51.0 in April

New orders rise despite sustained fall in international sales

Output back in contraction

April data highlighted a further improvement in operating conditions across the Mexican manufacturing sector, albeit with the PMI® falling to a three-month low. New order intakes continued to rise, but competitive conditions – particularly from mainland China – and weak overseas demand led to a renewed fall in production volumes. Input buying growth softened at the start of the second quarter, as did job creation. Meanwhile, cost pressures remained historically elevated, but efforts to secure new work prevented manufacturers from fully passing this on to their selling prices.

At 51.0 in April, the headline S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI) was inside growth territory for the seventh straight month. That said, falling from 52.2 in March, the latest reading was indicative of a slight pace of expansion that was the weakest since January.

Mexican manufacturing production fell during April, after increases in the previous two months. Companies attributed the fall to fierce competition from mainland China.

Lower intakes of new export work, particularly from the US, also had a negative influence on output levels. International orders decreased for the second consecutive month in April, albeit slightly.

Mexico's domestic market fared better in comparison, neutralising the weakness in overseas demand. Total new orders rose for the third consecutive month in April, amid reports of successful advertising, demand resilience and the upcoming elections. Overall growth eased since March, however, reportedly owing to a low uptake on new catalogues and client hesitancy when signing contracts.

Input price inflation receded for the third month in a row during April but remained elevated by historical standards. Surveyed companies reported a vast array of inputs as up in price, including chemicals, foodstuff, metals, packaging and plastics. Firms also indicated that transportation costs rose since March.

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



Source: S&P Global PMI.  
Data were collected 11-22 April 2024.

#### Comment

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

*"A renewed fall in production volumes is a strong indication of how detrimental competitive conditions and weak international sales were to Mexican manufacturers at the start of the second quarter.*

*"Overall operating conditions still improved, as domestic demand resilience more than offset lower intakes of new work from international markets. Firms are anticipating a rebound in sales from the US, especially after the elections, and this was a key factor keeping business confidence positive. Still, worries around price pressures, insecurity and competitive conditions further dampened optimism.*

*"Logistics challenges remained a nightmare for some companies, with lead times on inputs continuing to lengthen. Firms again noted highway insecurity and issues with maritime transportations.*

*"Input price inflation remained elevated, but manufacturers kept prices charged from customers broadly unchanged amid ongoing efforts to secure new work."*

PMI®

by S&P Global

This somewhat failed to feed through to output charges, which rose only fractionally in April. In fact, around 96% of panellists indicated stable prices.

Although Mexican manufacturers maintained an optimistic outlook during April, the overall degree of positive sentiment dipped to a 14-month low. Confidence reflected expectations that economic conditions would improve after the elections in Mexico and the US. Concerns around competitive pressures, inflation and highway insecurity restricted positivity.

Fading optimism, alongside softer growth of new work intakes, curbed job creation in April. Employment rose for the third month running, but at the slowest pace over this period.

Outstanding business volumes continued to increase in April, with the latest uptick associated with shortages of key inputs – chemicals, circuits, ink, machine parts and steel. The overall rate of accumulation was modest, however, and the slowest in three months.

Companies purchased additional inputs to safeguard against shortages, but delivery delays caused a second successive fall in pre-production inventories. Longer lead times were often attributed to highway insecurity and issues with maritime transportation.

Post-production inventories likewise decreased at the start of the second quarter. Anecdotal evidence highlighted the immediate dispatch of goods to clients, machine maintenance and shortages of critical raw materials.

## 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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