

News Release

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S&P Global Mexico Manufacturing PMI®

February sees steepest drop in factory exports in nearly four years

Key findings

Total sales fall further amid deteriorating export performance

Input purchasing falls at fastest rate since March 2021

Business optimism fades again

An accelerated decline in total new orders triggered a domino effect throughout the Mexican manufacturing industry during February, leading to sharper contractions in purchasing levels, employment, production and input inventories. Notably, international sales decreased at the quickest pace in close to four years and the overall level of business confidence fell for the fourth straight month.

Out of the 13 survey indicators, only the Output Charges and Backlogs of Work indices rose since January. The latter reportedly reflected input shortages, halted orders and cashflow challenges.

The S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI®) fell from 49.1 in January to 47.6 in February, indicating the fastest deterioration in operating conditions for five months and a continuation of the downturn that began in July 2024.

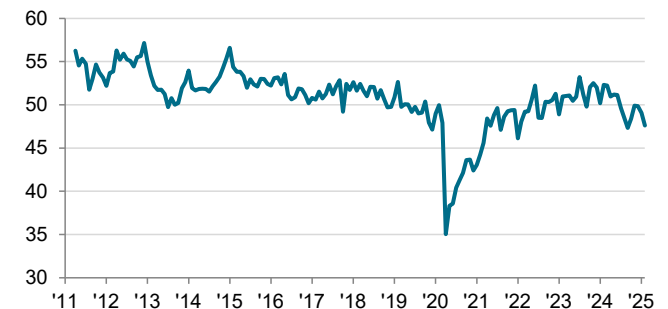
The main reason behind February's contraction was a persistent fall in factory orders. Survey participants signalled an eighth consecutive decline in sales, and one that was the most pronounced since last October. Automotive sector weakness, future uncertainty and the postponement of client orders were identified as the main determinants of lower order intakes.

Weighing heavily on total sales was a steeper decline in international orders. Goods producers registered the quickest contraction since April 2021, with the US highlighted as a key source of demand weakness.

In response to dwindling sales, Mexican manufacturers continued to scale back production volumes. February's fall in output was the eighth in successive months and the most marked since September 2024.

Although firms foresee a recovery in production over the course of the coming 12 months, business confidence slipped to its lowest level since September 2024. Moreover,

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



Source: S&P Global PMI.

Data were collected 10-20 February 2025.

Comment

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

"With demand conditions remaining on a downward path and cashflow pressures intensifying, Mexican manufacturers went deeper into retrenchment mode. Jobs were shed at the joint-fastest pace in three years, while buying levels fell to the greatest extent since early-2021.

"In addition to experiencing a drop in new sales, companies encountered temporary postponements of orders in progress. Halted work and insufficient working capital meant that outstanding business volumes rose at one of the strongest rates seen in the near 14-year survey history.

"Tight budgets and anxiety around the business environment prompted manufacturers to maintain minimal inventory levels and produce only what was absolutely essential. To this extent, we saw both pre- and post-production stocks decreasing.

"As has been the case since last November, business optimism faded in February. Many factors worried Mexican businesses, including a lack of investment, competition, insecurity and the trade outlook."

PMI®

by S&P Global

the respective index was more than eight points below its long-run average. Optimism was dented by concerns surrounding competition, inflation, tariffs, taxation, fading investment appetite and insecurity.

Budget readjustments, subdued projections for output and adverse sales developments prompted firms to trim buying levels midway through the opening quarter. The rate of reduction was marked and the strongest in just under four years.

Tight budgets and a lack of new work also sparked another round of job shedding across Mexico's manufacturing industry. Employment decreased at a solid pace that was the joint-fastest in three years.

Goods producers continued to experience challenges securing purchased inputs from suppliers. According to panellists, delays ranged from a week to a whole month, with anecdotal evidence particularly highlighting late shipments from Asia.

Subsequently, input inventories continued to decrease. The rate of stock depletion was marked and the steepest in three-and-a-half years.

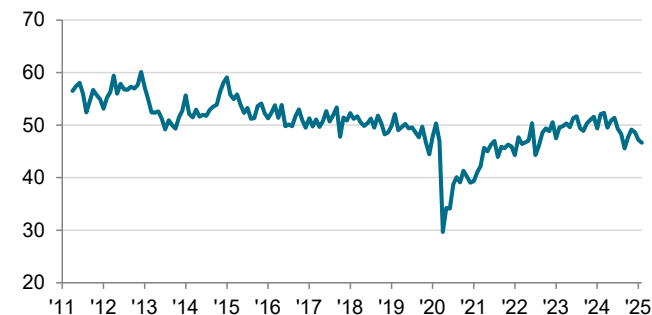
Holdings of finished goods also fell, after increasing in each of the previous three months. Survey participants cited an increased preference for lean stocks, with products reportedly made on demand.

Input costs rose further in February, with firms suggesting that currency weakness pushed up chemical, container, fabric, foodstuff, leather, metal and packaging prices. Although historically high, the rate of inflation retreated to a 17-month low.

Finally, February data showed a renewed increase in prices charged for Mexican goods. The rate of inflation was, however, marginal.

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.

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