# News Release

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# S&P Global Mexico Manufacturing PMI®

## Manufacturers close 2024 with reductions in sales and production

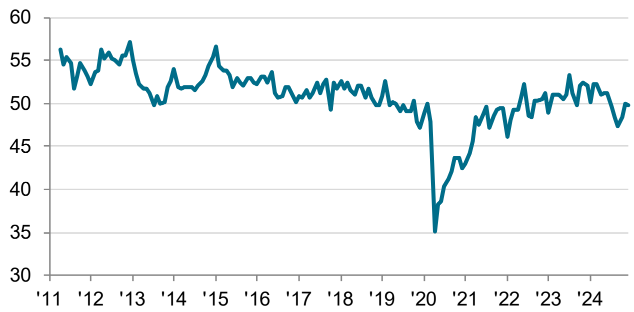
### Key findings

Firms cut production amid sustained fall in new orders

Business sentiment slips to three-month low

Price pressures retreat

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




Source: S&P Global PMI.
Data were collected 5-13 December 2024.

Mexico's manufacturing industry ended the year in a similar vein to how it started, with falling new order intakes prompting companies to cut production volumes. New export orders also declined, and firms continued to trim job numbers. Although participants of the PMI® survey foresee output growth in the year ahead, concerns around automotive sector weakness, insecurity, protectionism and Chinese competition dampened business optimism. One positive takeaway from the latest results was evidence of receding cost pressures.

At 49.8 in December, little-changed from 49.9 in November, the S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI) was consistent with a fractional deterioration in the health of the sector. Over the final quarter, however, the PMI averaged 49.4, which was up from 48.5 in the prior three-month period.

Order cancellations, subdued demand conditions and uncertainty in the automotive sector reportedly hampered sales volumes. That said, the rate of contraction in total new orders was marginal and equal to that recorded in November.

The downturn in new export orders entered its tenth straight month in December, though the pace of contraction moderated from November. Where a contraction was reported, panellists remarked on weaker demand from US-based clients.

Amid sustained declines in new work intakes, manufacturers trimmed production volumes for the sixth month in a row. Despite accelerating since November, the pace of reduction was modest.

Survey participants forecast output growth in 2025, but the overall level of positive sentiment was subdued by historical standards. The degree of optimism was at its weakest since September, reflecting growing concerns surrounding insecurity, protectionism and competition.

### Comment

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

*"The latest PMI results don't bring much festive cheer as manufacturers in Mexico continued to cut production volumes in light of a sustained decline in new orders.*

*"As 2025 starts, factory output could be supported by the clearing of backlogs, though firms continue to report challenges securing the critical materials they need to complete pending workloads.*

*"There were several mentions of logistical issues negatively impacting the sector, with shipment delays preventing firms from acquiring the inputs they need and a lack of trucks stopping companies from delivering purchased items to their clients.*

*"Firms are entering the new year with a cautious tone as some expect headwinds from automotive sector weakness, Chinese competition, insecurity and protectionism. As a result, more factory jobs were shed."*

PMI® by S&P Global

Peso depreciation was identified as the main reason behind rising cost burdens in December. Input prices increased at an above-trend pace, albeit one that was softer than November's two-year high.

Selling prices also rose further at the end of 2024, but the rate of inflation was marginal and the slowest since April. Indeed, only 1% of firms reported an increase in average charges and the remaining companies signalled no change since November.

The latest results highlighted a certain reluctance among manufacturers to acquire additional inputs. Buying levels rose for the second straight month, but the rate of expansion was marginal and softer than in November. A lack of capital, future uncertainty and order cancellations curbed growth.

When it comes to employment, companies opted to continue cutting headcounts. December's decline in job numbers was slight and less pronounced than in November.

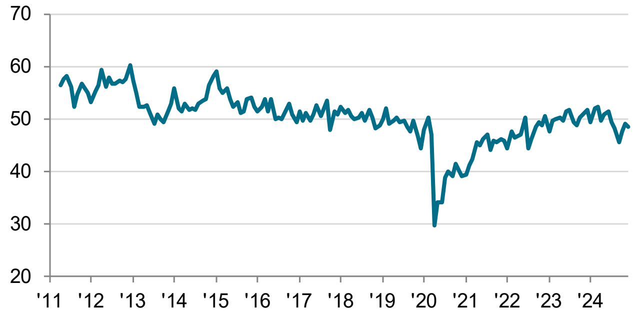
Although unrelated to capacity pressures, outstanding business volumes rose further in December. Central to the accumulation in backlogs was input shortages and problems with transportation.

Average lead times on inputs lengthened again, with survey members reporting raw material shortages at vendors and issues with logistics. The latest deterioration in vendor performance was marked, albeit less pronounced than in November.

Subsequently, goods producers noted another decline in input inventories during December. The rate of depletion was slight and the weakest in nine months. Conversely, stocks of finished goods rose for the second successive month and at the quickest pace since May 2023.

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.



**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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