

News Release

Embargoed until 0900 CST (1500 UTC) 2 May 2023

S&P Global Mexico Manufacturing PMI™

Factory orders expand further, while cost inflation retreats to 19-month low

Key findings

April sees another slight upturn in sales...

...which underpins the first rise in production in 2023

Slowest increase in input costs since September 2021

Manufacturing conditions in Mexico improved for the third month running in April, with a sustained increase in new business supporting a renewed expansion in production and another round of job creation. Besides a pick-up in business confidence, the latest results showed the weakest rise in purchasing prices in over a year-and-a-half. With cost inflation receding, output charges were broadly stable.

The S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI™) was at 51.1 in April, little-changed from 51.0 in March and indicative of a further modest improvement in the health of the sector. The latest reading was the highest in the year-to-date and compared with a survey-average figure of 50.8.

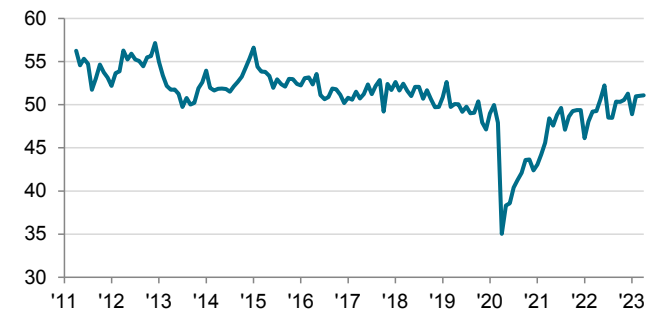
Key to the latest expansion was a further improvement in underlying demand for Mexican goods. New orders rose for the third month running in April, which some panellists attributed to restructured commercial agreements and new client wins. The overall rate of sales growth was slight and aligned with its long-run average.

Ongoing increases in new business underpinned a renewed expansion in production, therefore ending a three-month sequence of contraction. Anecdotal evidence indicated that new product launches and projects in the pipeline supported the upturn, but sufficient stock levels and shortages of resources at some units curbed overall growth.

Underlying data suggested that the domestic market was the only source of new business growth, as international orders decreased further in April. Although moderate, the rate of reduction was the quickest in over a year. There were particular mentions of weaker demand from the US.

Higher prices for some inputs and transportation reportedly led to a further increase in overall cost burdens at Mexican goods producers. That said, the rate of inflation eased to the weakest since September 2021 and was below its long-run average. Lower prices for oil, metals and some imported

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



Source: S&P Global.
Data were collected 12-20 April 2023.

Comment

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

"Mexico's manufacturing industry performed relatively well in April, as receding cost pressures facilitated output charge stability and fuelled sales. Although only slight, the third successive increase in new orders underpinned the first expansion in production in the year-to-date.

"New product releases and projects in the pipeline also boosted production, but growth was somewhat curbed by resource shortages and contracts pending approvals. Firms continued to state that some inputs were difficult to source and that retaining reliable employees remained challenging. Panellists reportedly attempted to fill this void with the hiring of temp workers.

"Input cost inflation faded further in April, slipping to its lowest rate in 19 months, with firms suggesting that lower prices for oil, metals and some raw materials restricted the overall increase. This retreat, coupled with sales-boosting efforts, resulted in another month of broadly stable producer charges and supported input buying growth."

PMI™

by S&P Global

inputs stifled inflation.

The combination of receding cost pressures and efforts to boost sales resulted in output price stability in April. Circa 98% of all survey members reported no change in their average fees since March.

Elsewhere, there was a third successive rise in manufacturing jobs during April. Where growth was signalled, panel members mentioned greater output needs, the creation of vacancies for new departments, a high churn rate and the hiring of temporary workers.

Despite rising workforces, there was a renewed increase in outstanding business volumes at the start of the second quarter. Input shortages and delivery delays were reportedly behind the latest accumulation. Nevertheless, backlogs expanded only slightly.

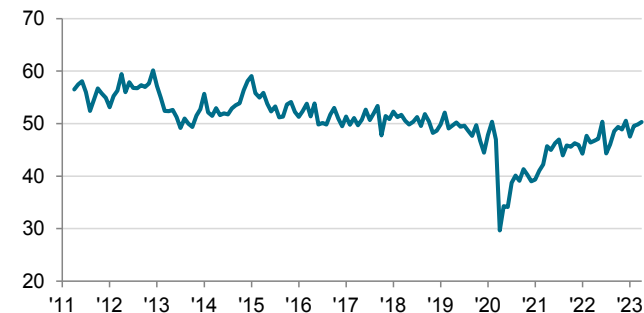
Trends for inventories were mixed as a sustained upturn in finished goods stocks contrasted with back-to-back declines in input holdings. The latter contracted at the fastest pace in six months amid the use of materials in production and longer delivery times.

Vendor performance worsened to a greater extent, albeit one that was notably softer than generally seen since the onset of COVID-19. There were reports of input scarcity among distributors, though some firms noted reduced pressure on supply chains.

Manufacturers expect a recovery in exports, receding price pressures, the approval of pending quotes, innovation, advertising and new product releases to support output growth in the year ahead. Business sentiment was at its highest level in four months during April.

PMI Output Index

sa, >50 = growth since previous month



Source: S&P Global.

Contact

Pollyanna De Lima
 Economics Associate Director
 S&P Global Market Intelligence
 T: +44-1491-461-075
pollyanna.delima@spglobal.com

Katherine Smith
 Corporate Communications
 S&P Global Market Intelligence
 T: +1 (781) 301-9311
katherine.smith@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.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. ihsmarkit.com/products/pmi.html.