

# News Release

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## S&P Global Mexico Manufacturing PMI®

### Downturn in factory production intensifies at start of 2025

#### Key findings

New orders fall further, triggering sharper cuts to output

Business confidence remains on downward path

Input cost inflation eases and selling prices decrease

Manufacturing sector conditions in Mexico worsened further at the start of the year, as sustained declines in new orders prompted firms to reduce output volumes to the greatest extent since last September. International sales continued to fall and there was another round of job shedding. Business confidence weakened due to concerns surrounding insecurity and trade conditions.

As for prices, cost burdens rose at the weakest pace in nine months and firms reduced selling charges for the first time since November 2023.

The S&P Global Mexico Manufacturing Purchasing Managers' Index™ (PMI®) was inside contraction territory for the seventh straight month in January. Falling from 49.8 in December to 49.1, the latest reading showed the quickest deterioration in the health of the sector since last October.

New orders, the largest sub-component of the PMI, decreased at the fastest pace in three months. Survey members suggested that clients' reluctance to approve pending quotations increased amid budget constraints and future uncertainty.

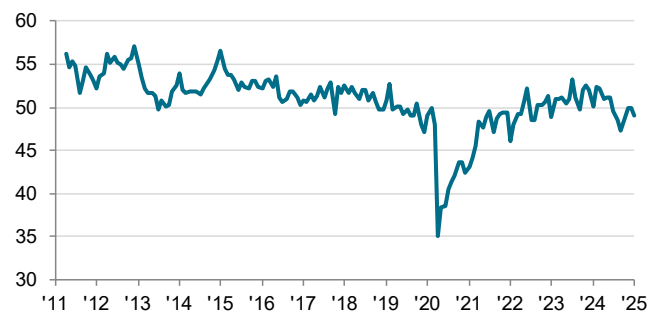
Mirroring the trend for new orders, output declined for the seventh consecutive month and at a quicker pace. The drop was solid and the most pronounced since September 2024.

Besides the fall in total sales, Mexican goods producers indicated another decline in new export orders during January. According to them, demand from the US weakened. The rate of reduction in international sales was only slight, however, and softened to the slowest in four months.

With order book volumes dwindling, manufacturers continued to reduce headcounts. Employment decreased for the ninth month running, albeit at the slowest pace over this period. According to panel members, there were cuts to permanent and temporary staff numbers.

Mexico Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 9-23 January 2025.

#### Comment

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

"Mexican manufacturers began 2025 on a weaker footing, going deeper into retrenchment mode as current demand conditions and a bleak outlook prompted them to seek cost savings and protect cashflows.

"Notably, companies opted to purchase the bare minimum, relying on existing inventories to supplement production. The extent to which buying levels dropped – the steepest in three years – indicated that manufacturers are bracing themselves for tough times ahead.

"This cautious sentiment was also seen in the business expectations data, which revealed that companies were at their least optimistic towards production prospects since last September. Concerns over insufficient investment, heightened competition, insecurity and trade uncertainty dampened confidence.

"One positive development seen in the January data was a shift in pricing trends. With cost inflation receding to a nine-month low and sales dwindling, firms reduced their selling charges for the first time in over a year."

PMI®

by S&P Global

Goods producers also trimmed input purchasing in January, following back-to-back increases in December. The rate of contraction was solid and the strongest in exactly three years. The fall stemmed from a diminished need to lift stocks given the challenging demand environment, and cashflow problems.

Owing to reduced buying levels, input inventories decreased in January. The fall was the eleventh in as many months and the quickest since last October, but only moderate overall.

On the other hand, the latest results highlighted a third consecutive rise in post-production inventories. Moreover, the rate of accumulation strengthened to the fastest in nearly six-and-a-half years. Panellists stated that unsold goods had been placed in warehouses.

Elsewhere, January data showed a further, albeit softer, deterioration in vendor performance. Where delivery delays were reported, firms commented on challenges with sea transportation. That said, average input lead times lengthened to the least extent in nearly five years.

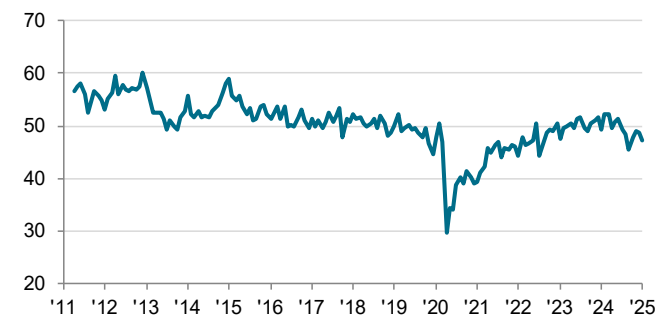
Reportedly owing to unfavourable exchange rate movements and a subsequent increase in the price of imported materials, cost burdens rose further. The rate of inflation was historically sharp, but did retreat to a nine-month low.

Softer cost pressures and subdued demand conditions prompted manufacturers to reduce their own selling prices at the start of the year. The fall was the first seen since November 2023, but was only slight overall.

Finally, competitive pressures, insecurity, subdued investment and a deteriorating trade outlook all dampened business confidence in January. Firms were at their least optimistic since September 2024.

## 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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