

IHS Markit Mexico Manufacturing PMI™

Mexican factory production falls further in September

Key findings

Output and new orders down for nineteenth month running

Firms reduce headcounts and input purchasing

Cost inflationary pressures continue to recede

Data were collected 13-22 September 2021.

Manufacturing sector conditions remained difficult in September, with the latest PMI™ data for Mexico pointing to ongoing declines in new orders and output. In addition to linking the downturn to a challenging market environment and subdued demand, some panellists mentioned having to shut down their factories due to heavy rain and the pandemic. More jobs were shed and there was another reduction in input buying.

Although companies suggested that global shortages of raw materials continued to push up purchasing prices, the overall rate of input cost inflation softened to an eight-month low.

Posting 48.6 in September, the seasonally adjusted IHS Markit Mexico Manufacturing PMI™ was in contraction territory for the nineteenth consecutive month. However, rising from 47.1 in August, the latest figure pointed to a slower and only moderate rate of reduction. Moreover, the average reading for the third quarter (48.4) was the highest since the first quarter of 2020.

Goods producers indicated that business closures, shortages of raw materials, tough market conditions and sluggish demand all caused a further decline in production during September. Output decreased at a solid pace that nonetheless slowed from August.

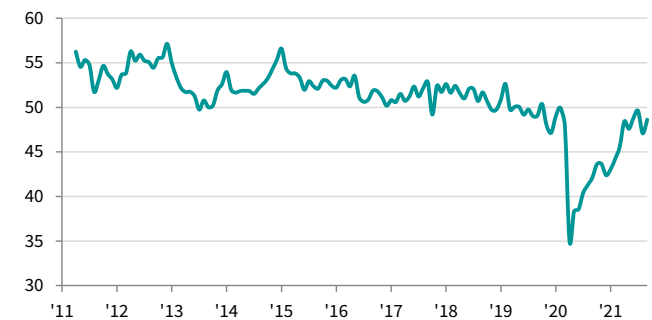
Similarly, factory orders fell for the nineteenth month in succession but at a softer pace than that seen in the prior survey period.

On the other hand, the downturn in new export orders quickened at the end of the third quarter. The fall was

continued...

Mexico Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Pollyanna De Lima, Economics Associate Director at IHS Markit, said:

"Manufacturers in Mexico continued to report many struggles in September, with production falling due to subdued sales volumes and raw material scarcity. Several firms were closed over the month, either due to the pandemic or flooding.

"PMI data for September showed that order book volumes shrank further, which in turn led companies to reduce headcounts. The downturn in demand at least showed signs of abating.

"Global shortages of raw materials remained a key theme of the survey, with Mexican firms indicating that this restricted input buying, dragged down their inventories and pushed up purchasing costs. Some panellists indicated delays of a month-and-a-half to receive supplies.

"There were revived hopes among goods producers that production could expand in the coming months, evidenced by an uptick in business optimism. Companies largely expect that quotations will be approved, marketing efforts will bear fruit and demand will pick-up."

marked and the most pronounced in four months.

Mexican manufacturers signalled a further decline in employment, marking a 20-month sequence of job shedding. According to survey participants, the latest fall reflected lower production volumes, subdued sales and shutdowns. Payroll numbers contracted at a solid rate that was the fastest since May.

Quantities of purchases fell for the nineteenth consecutive month. Anecdotal evidence indicated that input buying was curbed due to business closures, lower production needs, cost-cutting efforts and high fees charged by suppliers. That said, the pace of reduction was moderate and eased from August.

Subsequently, input stocks declined in September. The rate of depletion was marked, despite slowing from August.

Another factor that hampered inventories was a further lengthening of supplier delivery times. Vendor performance worsened to one of the greatest extent in the survey history. Firms again blamed delays on raw material scarcity among suppliers and logistic issues.

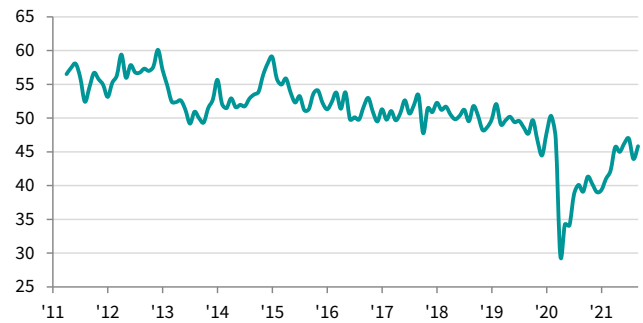
September data indicated that cost inflationary pressures subsided, with the rate of increase the slowest in eight months. Once again, however, there were mentions that a lack of raw material availability and rising freight fees led suppliers to hike their charges.

Amid reports of subdued demand conditions, manufacturers remained reluctant to lift their output prices. Charges decreased for the second month running in September.

Finally, business confidence improved in September as firms hoped that marketing efforts, quotations pending approval and a rebound in demand could support output over the coming year.

Output Index

sa, >50 = growth since previous month



Source: IHS Markit.

Contact

Pollyanna De Lima
Economics Associate Director
IHS Markit
T: +44-149-146-1075
pollyanna.delima@ihsmarkit.com

Katherine Smith
Public Relations
IHS Markit
T: +1 781 301 9311
katherine.smith@ihsmarkit.com

Survey methodology

The IHS Markit Mexico Manufacturing PMI™ is compiled by IHS Markit 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.

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.

Survey dates and history

Data were collected 13-22 September 2021.

Survey data were first collected April 2011.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit 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. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

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