

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0930 (Mexico City) / 1430 (UTC), August 1st 2017

IHS Markit Mexico Manufacturing PMI™

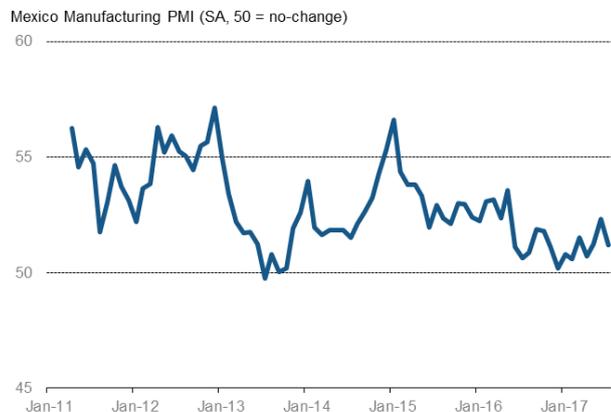
Manufacturing growth eases in July

Key findings:

- Softer increases in production and new orders
- New export sales fall for first time since July 2016
- Input price inflation lowest for just over two-and-a-half years

Data collected July 12-21

IHS Markit Mexico Manufacturing PMI



Source: IHS Markit

Manufacturers in Mexico experienced a sustained upturn in overall business conditions in July, but the latest improvement was weaker than the 13-month peak seen in June. The slowdown reflected weaker rises in output and new work, with the latter held back by a decline in export sales for the first time since July 2016. Meanwhile, the main positive developments were an accelerated pace of job creation and a moderation in input cost inflation to its weakest since the end of 2014.

The headline seasonally adjusted **IHS Markit Mexico Manufacturing PMI™** – a composite indicator of manufacturing performance – registered 51.2 in July, down from 52.3 in June but above the neutral 50.0 threshold. An overall improvement in business conditions has been recorded in each month since October 2013, but the latest reading signalled only a marginal upturn. July data indicated that softer output and new order growth were the main factors weighing on the headline PMI, which offset a sharper expansion of employment numbers.

Production growth eased from June’s eight-month peak and was only marginal during the latest survey period. Anecdotal evidence cited subdued client demand and lower export sales had acted as a brake on growth momentum in July. The latest increase in total new work was slower than June’s 13-month high, but broadly in line with the average so far in 2017. New export orders decreased marginally, which ended an 11-month period of sustained expansion.

Despite weaker rates of output and new business growth, manufacturers reported a faster rise in employment numbers during July. Job creation has now accelerated for four months running and the latest increase in staffing levels was the strongest since February 2016. Anecdotal evidence cited long-term expansion plans and efforts to reduce outstanding orders. Reflecting this, backlogs of work decreased for the third month running in July.

Survey respondents are upbeat about their growth prospects for the next 12 months, with around half of all panel members expecting greater production volumes and only 7% anticipating a decline. The degree of confidence eased further from May's 13-month peak, but remained well above the levels seen at the start of 2017.

Meanwhile, input cost pressures were the least marked since December 2014. Manufacturing firms noted that supplier price adjustments due to exchange rate factors had continued to lose intensity. Softer cost pressures contributed to the slowest rise in factory gate charges for 11 months in July.

Comment

Commenting on the Mexico Manufacturing PMI survey data, **Tim Moore, Associate Director at IHS Markit** and author of the report, said:

“July’s survey data suggests that the Mexican manufacturing sector is struggling to break out from its recent slow growth trajectory. Production volumes and new order intakes both rose at subdued rates in July, partly reflecting a drop in export sales for the first time in 12 months.”

“Job creation remained a relatively strong point for the manufacturing sector, with employment numbers rising at the fastest pace since February 2016. Additional staff recruitment was attributed to long-term expansion plans and a rebound in business optimism since the start of 2017.”

“Input cost pressures moderated again during July, with manufacturing firms reporting the slowest rise in purchasing prices since the end of 2014. With cost pressures losing intensity, manufacturers revealed a slowdown in factory gate price inflation to its weakest in almost one year.”

-Ends-

For further information, please contact:**IHS Markit**

Tim Moore, Associate Director
Telephone +44-1491-461-067
Email tim.moore@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@ihsmarkit.com

Note to Editors:

The IHS Markit Mexico Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in around 300 manufacturing companies. The panel is stratified company workforce size and by Standard Industrial Classification (SIC) group, based on industry contribution to Mexican GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

The Manufacturing *Purchasing Managers' Index*™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index*™ (PMI™) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 30 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. To learn more go to www.markit.com/product/pmi.

The intellectual property rights to the Mexico Manufacturing PMI™ 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.

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