

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0930 (Mexico City) / 1430 (UTC), May 2<sup>nd</sup> 2018**

## IHS Markit Mexico Manufacturing PMI™

### Manufacturing in expansion mode for sixth straight month in April

**Key findings:**

- PMI falls since March, but remains above crucial 50.0 threshold
- Further increase in new orders supports another rise in production
- Job creation at eight-month high

Data collected April 12-20

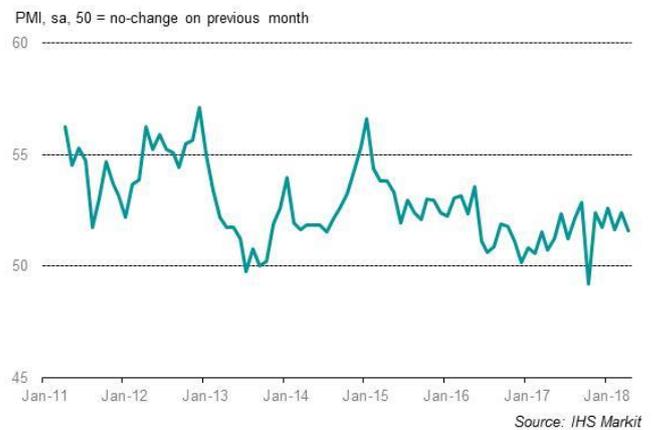
The Mexican manufacturing economy expanded further in April as ongoing improvements in demand encouraged firms to lift production and employment. New work continued to be secured from both domestic and international sources, while firms also stepped up input purchasing amid greater output requirements. There were, however, signs of a slowdown as softer rates of growth were noted for production and order books. Nonetheless, business confidence improved to a five-month high.

The seasonally adjusted IHS Markit Mexico Manufacturing PMI™ fell from 52.4 in March to 51.6 in April, highlighting a softer improvement in business conditions across the sector. Weighing on the headline figure were slower expansions in new orders and output, as well as a decline in stocks of purchases and easing pressures on supply chains. Out of the five PMI sub-components, only employment gained momentum from March.

Despite moderating since the prior survey period, new order growth remained solid. The rise was the sixth in successive months, with firms securing new work from domestic and external clients. New export work increased for the second month in a row, with panellists indicating greater sales to South America and Asia.

The slowdown in growth of total new work was matched by a softer expansion in production. The upturn in output was the sixth in as many months,

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though the least pronounced in this sequence.

Subdued output growth combined with rising demand caused a decline in stocks of finished goods across Mexico for the first in one year. Holdings of inputs likewise decreased in April, ending a five-month sequence of accumulation.

Rates of inflation for both input costs and output charges moderated at the start of the second quarter of 2018. The former continued to show a considerably stronger upturn than the latter. Survey participants reported higher prices paid for a wide range of raw materials, but steel in particular was frequently mentioned as having become costlier.

Overall buying levels rose amid reports of greater production requirements. Little-changed since March, the pace of expansion was slight. At the same time, panellists indicated delivery delays among vendors as shortages of inputs reportedly disrupted supply chains.

As for business prospects, Mexican manufacturers were strongly optimistic. Product diversification, export opportunities and machinery upgrades were

among the reasons cited for positive expectations towards the 12-month outlook for production.

Boosted by this buoyant mood, job creation picked up in April. The rise in employment was solid and the most pronounced since August 2017. Finally, unfinished business declined, albeit slightly.

## Comment

Commenting on the IHS Mexico Manufacturing PMI survey data, **Pollyanna De Lima, Principal Economist at IHS Markit** and author of the report, said:

*“Whereas Mexico’s manufacturing industry continued to expand at the start of the second quarter of 2018, there were signs of a loss of growth momentum. This was evident for production, which displayed the weakest rise in the current six-month sequence of expansion, and factory orders. Businesses continued to secure new work from domestic and international sources, but the upturn in total sales moderated from the four-month high registered in March.*

*“It seems, however, that companies expect the slowdowns to be temporary, as highlighted by a pick-up in job creation and improved business sentiment.*

*“Latest inventory trends also suggest a potential reacceleration in production growth in coming months. For the first time in a year, holdings of finished products fell as firms sought to fulfill existing orders. At the same time, stocks of inputs declined, despite greater purchasing activity, amid shortages of raw materials at vendors. As stockpiles get replenished, and assuming demand will remain on its current upward path, we are likely to see a rebound in output growth.”*

-Ends-

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**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](mailto: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.

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