

News Release

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S&P Global Mexico Manufacturing PMI[®]

New export orders plunge on tariff concerns

Key findings

External sales drop at near-record pace

Fastest cut to production volumes in over four years

Firms turn pessimistic about the outlook

Mexican manufacturers indicated that tariffs, and the ensuing detrimental impact on client investment and demand, considerably dented new export orders during April. The downturn, which was steep and slower only than those seen at the onset of COVID-19, instigated the fastest reductions in both production and sales volumes in over four years. Furthermore, companies were pessimistic about output prospects for the first time since November 2020.

Meanwhile, cost pressures were at their highest for two-and-a-half years, while charge inflation remained moderate despite quickening to a five-month high.

At 44.8 in April, down from 46.5 in March, the S&P Global Mexico Manufacturing Purchasing Managers' Index[™] (PMI[®]) indicated the steepest deterioration in the health of the sector since February 2021. Moreover, the current sequence of contraction was extended to ten months.

New orders, the largest sub-component of the PMI, decreased at the fastest pace since February 2021. According to survey members, orders had been cancelled or postponed due to US trade policy and a decline in client investment.

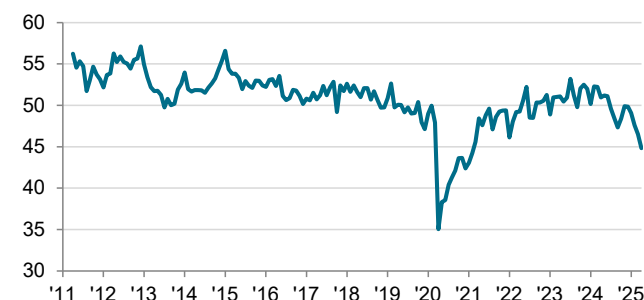
Contributing to the decline in overall sales was a near-record reduction in new export orders. The steep rate of contraction was slower only than those seen during the second quarter of 2020.

With the downturn in sales intensifying, manufacturers upped the pace at which output volumes were trimmed. The rate of reduction was the quickest in just over four years. Halted investment and tariff concerns reportedly dampened production.

In addition to signalling weakness in current output levels, manufacturers forecast a contraction in the year ahead. US tariff policy, subdued sales, cashflow issues, competition, cost pressures and tepid investment triggered pessimism, anecdotal evidence showed.

Mexico Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 9-22 April 2025.

Comment

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

"April was another challenging month for Mexican goods producers who are bracing themselves for potentially tougher times ahead. Plummeting export orders, reportedly a result of US trade policy, instigated the steepest falls in total sales and production in over four years."

"The PMI survey showed that manufacturers were pessimistic about output prospects for the first time since November 2020. This downbeat assessment led them to trim input purchasing, reduce headcounts and pursue destocking initiatives. They foresee several headwinds to the outlook, including cashflow issues, competition, tepid investment and cost pressures."

"Tariffs and currency depreciation continued to raise inflation, with input costs rising at the fastest rate in two-and-a-half years. For now, it seems like firms are mostly absorbing cost burdens in light of a frail demand environment, as selling charges rose only moderately."

PMI[®]

by S&P Global

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Downbeat output expectations and ongoing declines in new orders led manufacturers to not renew short-term contracts and transition several full-time workers to part-time roles. Some firms reported downsizing, while others noted that staff were placed on technical breaks. Overall factory employment fell at a solid rate that was faster than in March.

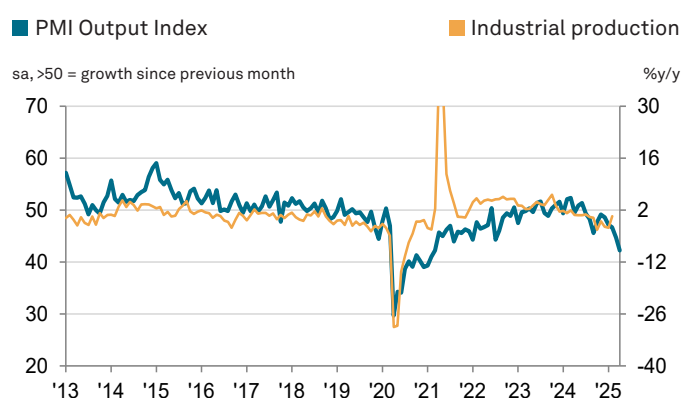
April data showed a fourth successive fall in buying levels among goods producers in Mexico, and one that was the most pronounced since January 2021. As a result, pre-production inventories decreased further. Qualitative data indicated that these declines reflected lower-than-expected sales and order postponements.

Likewise, stocks of finished products decreased in April but the fall eased and was marginal overall.

Tariffs and peso depreciation (against the US dollar) were identified by goods producers as the main reasons behind another increase in overall cost burdens. In particular, firms reported having paid more for chemicals, electronics, metals, plastics and textiles. The overall rate of input price inflation hit a two-and-a-half-year high.

Although a greater proportion of companies increased their selling prices in April, the rate of charge inflation was moderate overall.

Finally, outstanding business volumes increased further as previously started work was paused in tandem with order cancellations and postponements. The rate of accumulation was solid.



Sources: S&P Global PMI, INEGI via S&P Global Market Intelligence.

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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.

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