# **HSBC Purchasing Managers' Index™ Press Release**

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# HSBC Mexico Manufacturing PMI<sup>™</sup>

# Marked growth of both output and new orders in April

## **Summary**

HSBC, in association with one of the world's leading economic research firms, Markit Economics, today launched the monthly HSBC Mexico Manufacturing Purchasing Managers' Index™ (HSBC PMI™), a comprehensive and early indicator of trends in the Mexican manufacturing sector. The HSBC PMI will be released on the first business day of each month going forward

In addition to the headline HSBC PMI – a composite indicator designed to provide a single-figure snap shot of the health of the manufacturing sector – the survey also tracks changes in output, new orders, employment, inventories, prices and supplier delivery times. Index readings above 50.0 signal expansion from the previous month, readings below 50.0 indicate contraction.

April data signalled a further improvement in Mexican manufacturing business conditions, with both output and new orders increasing markedly since March. Notably, production increased at the fastest pace since data collection began in April 2011, with firms generally citing greater client demand.

After adjusting for seasonal variation, the PMI posted its highest reading in 12 months in April. At 56.3, up from 53.9 in March, the PMI remained above the 50.0 nochange mark that separates growth from contraction and signalled the joint-strongest improvement in Mexican manufacturing sector operating conditions since data collection began in April 2011.

Mexican manufacturers generally linked the latest improvement in business conditions to a marked increase in new orders. Approximately two-fifths of surveyed firms received a larger volume of new work in April, with a number of panellists citing greater client demand. New export orders also rose over the month, with growth at an 11-month high.

Reflective of the rise in new order volumes, firms stepped up production in April. Output increased sharply from March, with the latest rise the strongest in 13 months of data collection. Stocks of finished goods were accumulated for the second month running, meanwhile, and backlogs of work fell solidly in April.

The amount of inputs bought by Mexican manufacturers rose markedly during the latest survey period. Inventory holdings of pre-production goods also rose solidly over the month. Firms generally attributed the increase in input buying to larger output requirements in April. Concurrently, suppliers' delivery times lengthened further, albeit to a lesser extent than in March.

Employment growth in Mexico's manufacturing sector was at a ten-month high in April. Almost 18% of panellists hired additional staff since March, with the rate of job creation solid overall.

Input costs faced by Mexican manufacturers rose markedly in April, with plastics and rubber particularly mentioned by respondents as having increased in price. Firms passed parts of their greater cost burdens on to clients by raising their selling prices. However, output charges increased only moderately and at the weakest pace in the 13-month series history.

#### Comment

Commenting on the Mexico Manufacturing PMI™ survey, Sergio Martin, Chief Economist at HSBC in Mexico said:

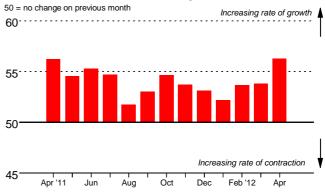
"The HSBC Mexico Manufacturing PMI index stood at 56.3 in April, its highest reading in twelve months. This suggests that the industrial sector will maintain a positive momentum and supports our 2012 GDP growth forecast at 3.4%, which implies faster growth than the average growth rate of 3% observed in the past 15 years."

# **Key points**

- Production increases at fastest pace since data collection began in April 2011
- Greater client demand supports rise in both new domestic and export orders
- Employment growth strengthens to ten-month high

## **Historical Overview**

# HSBC Mexico Manufacturing PMI™



Sources: Markit, HSBC.





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#### **Notes to Editors:**

The HSBC Mexico Manufacturing PMI is based on data compiled from monthly replies to questionnaires sent to purchasing executives in around 400 manufacturing companies. The panel is stratified geographically 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'.

The *Purchasing Managers' Index<sup>TM</sup> (PMI<sup>TM</sup>)* 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.

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.

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 Markit. Please contact <a href="mailto:economics@markit.com">economics@markit.com</a>.

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We serve around 89 million customers through our four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 85 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. Our aim is to be acknowledged as the world's leading international bank.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by over 220,000 shareholders in 132 countries and territories.

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## **About PMIs:**

Purchasing Managers' Index<sup>TM</sup> (PMI<sup>TM</sup>) surveys are now available for 32 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/economics

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