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

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

# **HSBC PMI rises to record high in December**

## **Summary**

Mexican manufacturing business conditions improved markedly in December, with the PMI rising to its highest level since data collection began in April 2011. Sharp increases in both output and new orders supported the overall improvement, with firms largely citing greater client demand. Meanwhile, employment continued to rise, although at a reduced pace, and the rate of input price inflation eased to its weakest in the series history.

The headline figure derived from the survey is the Manufacturing *Purchasing Managers' Index*  $^{TM}$  ( $PMI^{TM}$ ). Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 signal a deterioration. The PMI is composed of five sub-indices tracking changes in new orders, output, employment, suppliers' delivery times and stocks of purchases.

The seasonally adjusted HSBC Mexico Manufacturing PMI posted 57.1 in December, signalling a marked improvement in overall operating conditions. Moreover, up from 55.6 in November, the PMI was the highest in 21 months of data collection.

A sharp rise in new orders – the strongest monthly increase since data collection began in April 2011 – was reported by Mexican manufacturers in December. Firms commented on greater client demand, as well as recent new product launches. New export work also increased, albeit the latest rise was the weakest in four months.

Concurrently, output growth strengthened further in December, with the latest expansion also a survey record. Meanwhile, stocks of finished goods were accumulated for the third month running, and backlogs of work were depleted further, although the rate of reduction was the weakest since July.

Manufacturing employment increased in December, with one-in-ten firms hiring additional staff since November. That said, the rate of job creation was weaker than the series average and at a ten-month low.

Reflective of a marked rise in output, the quantity of inputs bought by companies rose sharply in the latest survey period. Input inventories were also accumulated over the month. Suppliers' delivery times meanwhile lengthened for the third consecutive month, with the latest increase in lead times the greatest since May.

Input costs faced by Mexican manufacturers rose further in December. However, the rate of inflation was only modest and the slowest in the 21-month series history. Firms nonetheless passed greater costs on to clients by raising their selling prices, though the increase in charges was the weakest in four months.

## Comment

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

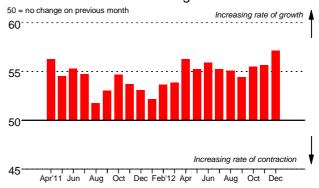
"The HSBC Mexico Manufacturing PMI reached its highest level at 57.1 since data collection started in April 2011. This suggests that the competitiveness of the manufacturing sector is helping offset external headwinds. This supports our GDP growth forecast for the next year of 3.2%."

## Key points

- PMI at highest level since data collection began in April 2011
- Sharp increases in both output and new orders
- Input price inflation weakest in 21-month series history

#### **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™* (*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.

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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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 <a href="https://www.markit.com/economics">www.markit.com/economics</a>

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