

IMEF's PMI surveys suggest a more visible recovery

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- **IMEF Manufacturing PMI (January, sa): 51.5pts. Banorte-Ixe: 51.3 points; consensus: 51pts. (range of estimates: 50.1 to 51.5); previous: 50.9**
- **IMEF Non-manufacturing PMI (January, sa): 50.2; Banorte-Ixe: 50.2; consensus: 50.1pts. (range of estimates: 49.5 to 51); previous: 49.3pts.**
- **The 0.6 points expansion in the manufacturing index was explained by the 2.4pts. increase in the production sub-index**
- **We believe that today's figures suggests that the manufacturing sector will show a much more visible recovery in 1Q16**

IMEF's manufacturing PMI posted a 0.6 point expansion. The *IMEF* just published its PMI surveys results for January, where the manufacturing indicator stood at 51.5 points, practically in line with our 51.3 forecast, and still above the 50 points threshold. Today's figure implies a 0.6 points expansion from the level observed in December. Taking a look at the breakdown, we highlight that the production index grew 2.4 points, while the employment sub-index posted a 0.6 expansion, and the new orders sub-index edged-up 0.2 points. However, the deliveries index edged-down 0.5 points (refer to the following table).

Manufacturing PMI index

sa	Jan-16	Dec-15	Difference
Manufacturing	51.5	50.9	0.6
New orders	53.1	52.9	0.2
Production	55.8	53.4	2.4
Employment	49.5	48.9	0.6
Deliveries	49.5	50.0	-0.5
Inventories	48.7	48.1	0.6

Source: IMEF

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The non-manufacturing index stood at 50.2 (seasonally adjusted figures). This number was in line with our forecast, and implies a 0.9 points monthly increase. Taking a look at the breakdown, the production and new orders sub-indices edged-up 7.9 and 1.9 points respectively, while the deliveries sub-index decreased 1 point.

Non-manufacturing PMI index

sa	Jan-16	Dec-15	Difference
Non-manufacturing	50.2	49.3	0.9
New orders	51.3	49.4	1.9
Production	57.4	49.6	7.9
Employment	49.5	49.2	0.3
Deliveries	49.5	50.5	-1.0

Source: IMEF

We believe that the manufacturing sector will show a more visible recovery in 1Q16. We believe that manufacturing output will show a better performance in the first quarter of 2016 given the following factors: (1) The depreciation of the Mexican currency; and (2) the better growth prospects for Mexico’s private consumption, which will translate into an increasing domestic demand for manufacturing goods.

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