

IMEF's PMI surveys – Slight fall in both indices

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@analisis_fundam

Francisco Flores
Economist, Mexico
francisco.flores.serrano@banorte.com

- **IMEF Manufacturing PMI (September, sa): 52.9pts; Banorte-Ixe: 53.2pts; consensus: 53.4pts (range of estimates: 51 to 53.6pts); previous: 54pts**
- **IMEF Non-manufacturing PMI (September, sa): 52.5pts; Banorte-Ixe: 52.8pts; consensus: 52.9pts (range of estimates: 50 to 53.4pts); previous: 53.4pts**
- **The 1.1 points contraction in the manufacturing index was explained by a decrease in four of the five sub-indices**
- **Moreover, the non-manufacturing index declined by 0.9 points, given the fall in four sub-indices**
- **Despite September's fall, we continue to believe that the uncertainty around the U.S. trade policy has dissipated in the eyes of the purchasing managers**

IMEF's manufacturing PMI posted a 1.1 point contraction. The *IMEF* just published its PMI surveys for September, where the manufacturing indicator stood at 52.9 points, below our 53.2 forecast. Today's figure implies a 1.1 points reduction from August's revised figures. Moreover, the weighted sum of the individual components within the manufacturing series shows a 1 point expansion. Taking a look at the breakdown, the fall in the index was explained by a decrease in all of the sub-indices. Still, we highlight the 2.4pts increase in the employment component. However, it is worth noting the 3.2pts reduction in the inventories sub-index, as well as the 1.6pts contraction in the deliveries component.

Despite the setback, the manufacturing index appears to have consolidated above the 50-point optimism threshold. In addition, the behavior of the new orders and production sub-indices –as they are still relatively high–, which act as leading indicators of manufacturing production, seem to indicate that part of the uncertainty generated for possible changes to the commercial relations between Mexico and the United States has dissipated (refer to the table below).

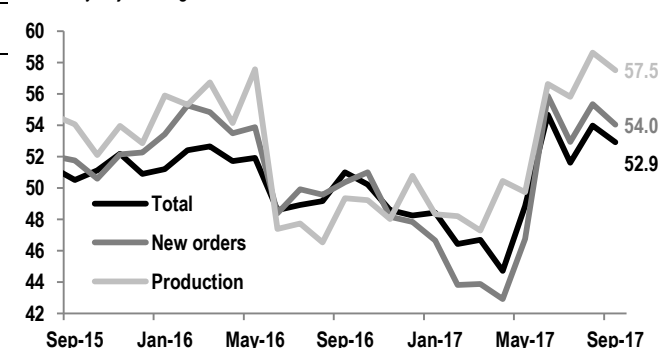
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IMEF's PMI manufacturing index
Seasonally adjusted figures

	Sep-17	Aug-17	Difference
Manufacturing	52.9	54.0	-1.1
New orders	54.0	55.4	-1.3
Production	57.5	58.6	-1.1
Employment	55.7	53.3	2.4
Deliveries	47.5	49.1	-1.6
Inventories	51.5	54.7	-3.2

Source: Banorte-Ixe, IMEF

IMEF's PMI manufacturing index
Seasonally adjusted figures



Source: Banorte-Ixe, IMEF

The non-manufacturing index stood at 52.5 points (seasonally adjusted figures). This number implies a 0.9 points monthly loss, which previously stood at 53.4 points. However, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index fell 1.8 points.

Taking a look at the breakdown, we highlight the decrease in new orders (2.7 points) and employment (3.1 points) sub-indices. Despite today's fall, the recent trend in the index still appears to forecast a better performance for the services sector in the coming months.

Non-manufacturing PMI index

Seasonally adjusted figures

	Sep-17	Aug-17	Difference
Non-manufacturing	52.5	53.4	-0.9
New orders	54.0	56.7	-2.7
Production	54.7	55.8	-1.1
Employment	48.3	51.4	-3.1
Deliveries	51.0	51.2	-0.2

Source: IMEF

Uncertainty about possible US trade policies seems to have dissipated for the purchasing managers. We believe that given an environment of lesser uncertainty, the purchasing managers anticipate a better outlook for the economy during the second half of 2017, which was evidenced by the permanence of both indexes above optimism threshold.

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior, Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Francisco José Flores Serrano	Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Senior Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Strategist Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Technical Analysis	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Equity Research – Conglomerates / Financials/ Mining / Petrochemicals	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Equity Research – Airlines / Airports / Cement / Infrastructure / REITs	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Senior, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454