

IMEF's PMI surveys – Above expected results

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- **IMEF Manufacturing PMI (March, sa): 54pts; Banorte: 51.9pts; previous: 53.1pts**
- **IMEF Non-manufacturing PMI (March, sa): 53.4pts; Banorte: 52.9pts; previous: 53.8pts**
- **The 0.8point expansion in the manufacturing index was explained by an increase in three out of the five sub-indices**
- **Moreover, the non-manufacturing index fell by 0.4 points, given the contraction in the employment component**
- **The increase in uncertainty about possible US trade policies may weigh on the indices in the coming months**

IMEF's manufacturing PMI posted a 0.8 point expansion. The IMEF just published its PMI surveys for March, where the manufacturing indicator stood at 54 points, above our 51.9 forecast. Today's figure implies a 0.8 point rise from February's revised figures. Moreover, the weighted sum of the individual components within the manufacturing series posted a 0.4 point expansion. Taking a look at the breakdown, the growth of the index was explained by a jump in four of the five sub-indices. We highlight the 1.1pts advance in the production component, as well as the 0.6pts increase in new orders.

It should be noted that with these results all components stand above the 50 unit optimism threshold, where the high level of the components of new orders (58.9pts.) and production (57.3pts.), reaching levels not seen since June 2012 and May 2016, respectively.

Although favorable news about the renegotiation of NAFTA were announced during March, comments made on the weekend and even today by President Trump continue adding uncertainty to the future of the commercial relationship, which could weigh on the index in the next months.

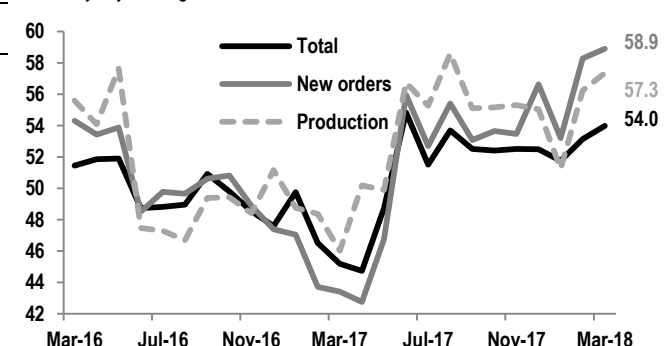
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IMEF's PMI manufacturing index
Seasonally adjusted figures

	Mar-18	Feb-18	Difference
Manufacturing	54.0	53.1	0.8
New orders	58.9	58.3	0.6
Production	57.3	56.2	1.1
Employment	51.3	51.4	-0.1
Deliveries	50.2	50.0	0.2
Inventories	50.3	50.3	0.0

Source: Banorte, IMEF

IMEF's PMI manufacturing index
Seasonally adjusted figures



Source: Banorte, IMEF

The non-manufacturing index stood at 53.4 points (seasonally adjusted figures). This number implies a 0.4 point monthly decline, which previously stood at 53.8 points. The increase comes on the back of the 1.6 pts. reduction in employment sub-index. However, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index increased 0.4 points. In this regard, the deliveries component shows a 2.2pts. expansion, while production and new orders rose 0.4 and 0.2pts. respectively.

With these results, the employment component is the only one in the contraction field (49.7 pts.), while the new orders (56.6 pts.) and production (55.4 pts.) remain in relatively high levels.

Non-manufacturing PMI index

Seasonally adjusted figures

	Mar-18	Feb-18	Difference
Non-manufacturing	53.4	53.8	-0.4
New orders	56.6	56.4	0.2
Production	55.4	55.0	0.4
Employment	49.7	51.3	-1.6
Deliveries	51.5	49.3	2.2

Source: IMEF

The increase in uncertainty about possible US trade policies may weigh on the indices in the coming months. Recent comments by President Trump seem to have added uncertainty about the renegotiation of NAFTA, which we believe will force purchasing managers to remain cautious until a clearer picture is on the horizon. On the other hand, the prospects of lower dynamism in private consumption could have a negative impact on the non-manufacturing index.

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