

# IMEF's PMI surveys – Recovery in both indices amid an uncertain environment

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- **IMEF Manufacturing PMI (August, sa): 51.6pts; Banorte: 50.7pts; consensus: 50.8pts; previous: 50.4pts**
- **IMEF Non-manufacturing PMI (August, sa): 49.9pts; Banorte: 50.1pts; consensus: 50.5; previous: 49.7pts**
- **The 1.1 points increase in the manufacturing index was explained by an expansion in the five sub-indices**
- **Moreover, the non-manufacturing index rose by 0.2 points, given the recovery in two sub-indices**
- **We believe that the positive results are partly explained by the announcement of the agreement in the commercial front between Mexico and the US**

**IMEF's manufacturing PMI posted at 1.1 points increase.** The Mexican Institute of Financial Executives (IMEF) just published its PMI surveys for August, where the manufacturing indicator stood at 51.6 points, above our 50.7pts forecast. Today's figure implies a 1.1 points increase from July's revised figures. Moreover, the weighted sum of the individual components within the manufacturing series posted a 1.2 points rise.

**Taking a look at the breakdown, the contraction of the index was explained by a recovery in the five sub-indices.** We highlight the 2.1pts increase in the production component, as well as the 1.3pts rise in new orders. In addition, deliveries edged-up 1.2pts. Finally, the inventories and employment sub-indices grew 0.8pts and 0.6pts, respectively. It should be noted that with these results all components now stand above the 50 unit threshold.

We believe that the monthly increase was explained in part by the agreement reached between Mexico and the US on the commercial front, as seen in the uptick in both production and new orders. However, given that the deal did not include Canada, and all the details were not fully disclosed, the recovery was not that pronounced.

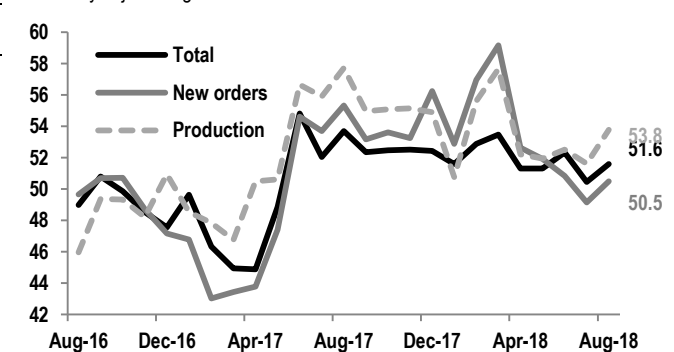
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**IMEF's PMI manufacturing index**  
Seasonally adjusted figures

	Aug-18	Jul -18	Difference
<b>Manufacturing</b>	<b>51.6</b>	<b>50.4</b>	<b>1.1</b>
New orders	50.5	49.1	1.3
Production	53.8	51.6	2.1
Employment	50.3	49.7	0.6
Deliveries	51.8	50.6	1.2
Inventories	53.2	52.4	0.8

Source: Banorte, IMEF

**IMEF's PMI manufacturing index**  
Seasonally adjusted figures



Source: Banorte, IMEF

**The non-manufacturing index stood at 49.9 points (seasonally adjusted figures).** This number implies a 0.2 point monthly increase, which previously stood at 49.7 points. In this regard, the weighted sum of the components showed recovery of the same magnitude.

The rise comes on the back of the 2pts expansion in the new orders sub-index, as well as the 0.5pts growth in the production component. By contrast, the deliveries component edged-down 0.2pts, while employment posted a 1.5pts contraction.

With these results, only the employment (47.8pts) component stands in the contraction zone. We believe that the increase in this sector was also explained by the commercial agreement between Mexico and the US as well as the increase in consumer confidence. However, the recent increase in inflation may have put some pressure on the consumption outlook in the coming months.

**Non-manufacturing PMI index**

Seasonally adjusted figures

	Aug-18	Jul -18	Difference
<b>Non-manufacturing</b>	<b>49.9</b>	<b>49.7</b>	<b>0.2</b>
New orders	51.2	49.1	2.0
Production	51.7	51.2	0.5
Employment	47.8	49.4	-1.5
Deliveries	50.3	50.5	-0.2

Source: IMEF

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