

IMEF's PMI surveys – April's survey points to a strong recovery

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- **IMEF Manufacturing PMI (April, sa): 51.4pts Banorte-Ixe: 51.6pts.; consensus: 51.6pts (range of estimates: 51 to 53.3); previous: 50.3**
- **IMEF Non-manufacturing PMI (April, sa): 51.3; Banorte-Ixe: 51.5; consensus: 49.8 (range of estimates: 49.1 to 51.5); previous: 49.7pts.**
- **We believe that 1.1 points gain in the manufacturing index was explained by the significant recovery in the manufacturing industry**
- **We believe that the manufacturing sector will hold its upward trend in 2Q15**

IMEF's manufacturing PMI posted a 1.1 points expansion. The *IMEF* just published its PMI surveys results for April, where the manufacturing indicator stood at 51.4 points, slightly below our 51.6 points forecast. Today's figure implies a 1.1 points gain from the level observed in March, and was explained by a significant recovery in three of the sub-indices. Taking a look at the breakdown, we highlight the expansion observed in the new orders (1.3 points), production (2.2), and employment (1.3 points) components. However, the deliveries sub-index fell 0.7 points, while the inventories component posted a 7 points reduction (please refer to the following table).

Manufacturing and Non-manufacturing PMI indexes

sa	Apr-15	Mar-15	Difference
Manufacturing	51.4	50.3	1.1
New orders	54.4	53.1	1.3
Production	53.7	51.6	2.2
Employment	53.1	51.8	1.3
Deliveries	48.4	49.3	-0.9
Inventories	46.5	53.5	-7.0
Non-manufacturing	51.3	49.7	1.7
New orders	52.9	51.1	1.8
Production	52.5	50.8	1.6
Employment	49.4	47.1	2.3
Deliveries	49.6	49.8	-0.2

Source: IMEF

The non-manufacturing index stood at 51.3 (seasonally adjusted figures).

This number was practically in line with our 51.5 forecast, and implies a 1.7 points m/m growth. Taking a look at the breakdown, the production, new orders and employment sub-indices posted a 1.8, 1.6, and a 2.3 expansion, while the deliveries sub-index fell 0.2 points, as shown in the table on the first page.

We believe that the manufacturing sector will hold its upward trend in 2Q15. Manufacturing output will continue to show a better performance due to the following factors: (1) The recovery of the U.S. economy in the second quarter of the year; (2) the better growth dynamics observed in other indicators associated with manufacturing output such as manufacturing exports; (3) the depreciation of the Mexican currency; and (4) the better growth prospects for Mexico's private consumption which will eventually translate into an increasing domestic demand for manufacturing goods.

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