

## IMEF's PMI surveys prints below consensus forecast

October 1, 2015

- **IMEF Manufacturing PMI (September, sa): 50.1pts Banorte-Ixe: 52.4pts.; consensus: 52pts. (range of estimates: 51 to 53.1); previous: 51.7**
- **IMEF Non-manufacturing PMI (September, sa): 49.3; Banorte-Ixe: 50; consensus: 50 (range of estimates: 49 to 50.6); previous: 49.3pts.**
- **Despite the 1.5 points reduction in the manufacturing index, we continue to believe that the manufacturing sector will show a much more visible recovery in 2H15**

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**IMEF's manufacturing PMI posted a 1.5 points contraction.** The *IMEF* just published its PMI surveys results for September, where the manufacturing indicator stood at 50.1 points, below our 52.4 forecast but still above the 50 points threshold. Today's figure implies a 1.5 points contraction from the level observed in August, and was explained by a significant reduction in 3 of its 5 components. In particular, the production index fell 2.4 points, while the inventories index edged-down 2.2 points. Similarly, the employment sub-index posted a 0.6 reduction. However, the new orders and deliveries sub-indices edged-up 0.1 and 1.2 points, respectively (refer to the following table).

### Manufacturing and Non-manufacturing PMI indexes

sa	Sep-15	Aug-15	Difference
<b>Manufacturing</b>	<b>50.1</b>	<b>51.7</b>	<b>-1.5</b>
New orders	53.5	53.4	0.1
Production	51.5	53.9	-2.4
Employment	48.9	49.6	-0.6
Deliveries	49.5	48.2	1.2
Inventories	50.5	52.7	-2.2
<b>Non-manufacturing</b>	<b>49.3</b>	<b>49.3</b>	<b>0.1</b>
New orders	48.5	50.2	-1.7
Production	49.6	49.9	-0.3
Employment	48.9	48.7	0.2
Deliveries	48.7	49.0	-0.3

Source: IMEF

**The non-manufacturing index stood at 49.3 (seasonally adjusted figures).** This number was below our 50 forecast, and implies a 0.1 points monthly reduction. We highlight that today's report marks the second time that the non-manufacturing PMI falls below the 50 point threshold. Taking a look at the breakdown, the new orders and production sub-indices edged-down 1.7 and 0.3 points respectively, while the employment sub-index increased 0.2 points.

**We believe that the manufacturing sector will show a much more visible recovery in 2H15.** Despite today's contraction in the manufacturing index, we believe that manufacturing output will show a better performance in the second half of the year given the following factors: (1) The recovery of the U.S. economy in the third quarter of the year; (2) the better growth dynamics observed in other indicators associated with Mexico's 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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