

IMEF's PMI surveys – May's survey points to a strong recovery of manufacturing output

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- **IMEF Manufacturing PMI (May, sa): 52.4pts Banorte-Ixe: 52.3pts.; consensus: 51.8pts (range of estimates: 51 to 52.5); previous: 51.9**
- **IMEF Non-manufacturing PMI (May, sa): 51.1; Banorte-Ixe: 51; consensus: 51.4 (range of estimates: 50.5 to 51.7); previous: 51.4pts.**
- **We believe that the 0.5 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 0.5 points expansion. The *IMEF* just published its PMI surveys results for May, where the manufacturing indicator stood at 52.4 points, practically in line with our 52.3 points forecast. Today's figure implies a 0.5 points gain from the level observed in April, and was explained by a significant recovery in four of the sub-indices. Taking a look at the breakdown, we highlight the expansion observed in the new orders (+1.3 points), production (+2 points), deliveries (+1 point), and inventories (+4.7 points) components. However, the employment sub-index fell 2.7 points (please refer to the following table).

Manufacturing and Non-manufacturing PMI indexes

sa	May-15	Apr-15	Difference
Manufacturing	52.4	51.9	0.5
New orders	56.5	55.2	1.3
Production	56.5	54.5	2.0
Employment	50.6	53.3	-2.7
Deliveries	49.5	48.5	1.0
Inventories	51.9	47.2	4.7
Non-manufacturing	51.1	51.4	-0.3
New orders	52.4	52.9	-0.5
Production	52.7	52.5	0.2
Employment	49.9	49.6	0.2
Deliveries	48.5	50.0	-1.5

Source: IMEF

The non-manufacturing index stood at 51.1 (seasonally adjusted figures).

This number was practically in line with our 51 forecast, and implies a 0.3 points m/m reduction. Taking a look at the breakdown, the production and employment sub-indices posted a 0.2 points expansion each, while the new orders and deliveries sub-indexes fell 0.5 and 1.5 points, respectively, 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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