

IMEF's PMI surveys – Downward trend continues in December

January 2, 2017

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- **IMEF Manufacturing PMI (December, sa): 47.7 pts; Banorte-Ixe: 48.9 pts; consensus: 49 pts (range of estimates: 48.9 to 49.5 pts); previous: 48.8 pts**
- **IMEF Non-manufacturing PMI (December, sa): 48.7 pts; Banorte-Ixe: 48.6 pts; consensus: 48.6 pts (range of estimates: 48.5 to 49.9 pts); previous: 49 pts**
- **The 1.1 point contraction in the manufacturing index was explained by a fall in inventories, employment and new orders sub-indices**
- **Moreover, the 0.2 point contraction in the non-manufacturing index was a result of decreases in the new orders and employment components**
- **We believe that the result of the US election will continue to have an impact in companies' future decisions**

IMEF's manufacturing PMI posted a 1.1 point decrease. The *IMEF* just published its PMI surveys results for December, where the manufacturing indicator stood at 47.7 points, below our 48.9 forecast. Today's figure implies a 1.1 point decrease from the level observed in November. Moreover, the weighted sum of the individual components within the manufacturing series shows a 1.9 points loss in the month. Doing this calculation, November's index stood at 48.9 points, while December's index stood at 47 points.

Taking a look at the breakdown, there was a contraction in 3 of the 5 sub-indices. We highlight the decrease in the inventories (-4.3 units), employment (-4.2 units) and new orders (-2.8 units) components. The fall in the new orders component is particularly relevant since it is a leading indicator of manufacturing's future outlook.

Manufacturing PMI index

Seasonal adjusted figures

	Dec-16	Nov-16	Difference
Manufacturing	47.7	48.8	-1.1
New orders	46.0	48.8	-2.8
Production	50	48.3	1.7
Employment	44.1	48.3	-4.2
Deliveries	51.9	51.7	0.2
Inventories	42.9	47.2	-4.3

Source: IMEF

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The non-manufacturing index stood at 48.7 points (seasonally adjusted figures). This number implies a 0.2 point monthly reduction. In addition, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index decreased 1 point.

Taking a look at the breakdown, two of the four sub-indices posted a contraction, we highlight the decreases in new orders (-4.2 units) and employment (-2.1 points) sub-indices.

Non-manufacturing PMI index

Seasonally adjusted figures

	Dec-16	Nov-16	Difference
Non-manufacturing	48.7	49.0	-0.3
New orders	45.5	49.7	-4.2
Production	46.9	45.4	1.5
Employment	46.7	48.4	-1.7
Deliveries	54.2	53.6	0.6

Source: IMEF

We believe that the result of the US election will continue to impact companies' future decisions. After the contraction in both indices, and the figures staying below the 50 point threshold, we consider that the uncertainty around the future performance of the Mexican economy, stemming from Donald Trump's possible protectionist policies, will continue to have a negative impact on Mexico's economic growth in the coming months. We expect this trend to continue until there is more certainty about the commercial stance of the next US president.

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