

IMEF's – Better performance of manufacturing in March

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- **IMEF Manufacturing PMI (March, sa): 51.4pts Banorte-Ixe: 51.5pts.; consensus: 50.9pts (range of estimates: 50.2 to 51.5); previous: 50.2**
- **IMEF Non-manufacturing PMI (March, sa): 49.3; Banorte-Ixe: 50.2; consensus: 50 (range of estimates: 49.5 to 50.1); previous: 50.1pts.**
- **Increases in employment and new orders components supported manufacturing growth**
- **We believe that the manufacturing sector will hold its upward trend in 1H15**

IMEF's manufacturing PMI posted a 1.2 points increase. The *IMEF* just published its PMI surveys results for March, where the manufacturing indicator stood at 51.4 points, in line with our 51.5pts. estimate and above market consensus of 50.9 points. Today's figure implies a 1.2 points increase from the level observed in February, and was explained by the growth in employment and new orders sub-indices. Taking a look at the breakdown, we highlight the drop observed in production (-0.9) component. However, the deliveries sub-index increased 2.2 points (please refer to the following table).

Manufacturing and Non-manufacturing PMI indexes

sa	Mar-15	Feb-15	Difference
Manufacturing	51.4	50.2	1.2
New orders	51.9	50.8	1.1
Production	50.7	51.6	-0.9
Employment	51.3	48.8	2.6
Deliveries	49.3	49.3	0.0
Inventories	53.6	51.4	2.2
Non-manufacturing	49.3	50.1	-0.8
New orders	50.7	52.2	-1.5
Production	50.4	52.3	-1.9
Employment	47.1	47.3	-0.3
Deliveries	50.1	48.1	2.0

Source: IMEF

The non-manufacturing index stood at 49.3 (seasonally adjusted figures). This number was below our 50.1 forecast, and implies a 0.8 points m/m decrease. Taking a look at the breakdown, only delivery of products index showed a 2 points increase. Moreover, the production, new orders and employment components posted a 1.9, 1.5 and a 0.3 decreased, as shown in the table on the first page.

We believe that the manufacturing sector will hold its upward trend in 1H15. Manufacturing output will continue to show a better performance due to the following factors: (1) The recovery of the U.S. economy; (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 products.

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