

IMEF's PMI surveys – Visible recovery in the manufacturing index

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- **IMEF Manufacturing PMI (August, sa): 54pts; Banorte-Ixe: 51.9pts; consensus: 51.8pts (range of estimates: 51 to 52pts); previous: 51.8pts**
- **IMEF Non-manufacturing PMI (August, sa): 54pts; Banorte-Ixe: 51.7pts; consensus: 52pts (range of estimates: 51.7 to 52.5pts); previous: 53.5pts**
- **The 2.3 points expansion in the manufacturing index was explained by an increase in the five sub-indices**
- **However, the non-manufacturing index expanded by 0.5 points, despite the significant fall in two of the four sub-indices**
- **We believe that the uncertainty around the U.S. trade policy has dissipated in the eyes of the purchasing managers**

IMEF's manufacturing PMI posted a 2.3 points expansion. The *IMEF* just published its PMI surveys for August, where the manufacturing indicator stood at 54 points, above our 51.9 forecast. Today's figure implies a 2.3 points increase from July's revised figures. The weighted sum of the individual components within the manufacturing series shows a 2 points expansion.

Taking a look at the breakdown, the significant recovery in the index was explained by an expansion in all of the sub-indices. Still, we highlight the 2.3pts increase in production and new orders components, respectively. Additionally, the production component ranked with the best performance reaching 57.9pts. We believe that August's growth seems to indicate that part of the uncertainty generated by possible changes in trade relations between Mexico and the US has dissipated.

The non-manufacturing index stood at 54 points (seasonally adjusted figures). This number implies a 0.5 points monthly gain, which previously stood at 53.5 points. However, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index fell 1.5 points.

Taking a look at the breakdown, we highlight the decrease in production (1.9 points) and employment (5.8 points) sub-indices. Despite today's fall, the index continues to reflect the growth dynamics in the services sector, given that it reflects the recent performance of domestic demand, which has continued to be one of Mexico's main growth drivers.

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Uncertainty about possible US trade policies seems to have dissipated for the purchasing managers. We believe that given an environment of lesser uncertainty, the purchasing managers anticipate a better outlook for the economy during the second half of 2017, which was evidenced by the permanence of both indexes above the 50-unit optimism threshold.

Non-manufacturing PMI index

Seasonally adjusted figures

	Aug-17	Jul-17	Difference
Manufacturing	54.0	51.8	2.3
New orders	55.2	52.9	2.3
Production	57.9	55.6	2.3
Employment	52.8	52.1	0.7
Deliveries	49.4	46.7	2.8
Inventories	55.3	53.6	1.7
Non-manufacturing	54.0	53.5	0.5
New orders	57.2	57.0	0.3
Production	55.4	57.3	-1.9
Employment	51.7	57.5	-5.8
Deliveries	51.0	49.4	1.6

Source: IMEF

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