

IMEF's PMI surveys – Slight increase in both indices

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- **IMEF Manufacturing PMI (November, sa): 52.6pts; Banorte: 52.1pts; consensus: 52.2pts (range of estimates: 51.8 to 52.5pts); previous: 52.5pts**
- **IMEF Non-manufacturing PMI (November, sa): 52.5pts; Banorte: 52.3pts; consensus: 51.8pts (range of estimates: 51 to 53pts); previous: 51.9pts**
- **The 0.1 points expansion in the manufacturing index was explained by an increase in three of the five sub-indices**
- **Moreover, the non-manufacturing index grew by 0.6 points, given the raise in three sub-indices**
- **Despite an increase in the uncertainty about the future of the US trade policy, purchasing managers remain optimistic**

IMEF's manufacturing PMI posted a 0.1 point expansion. The IMEF just published its PMI surveys for November, where the manufacturing indicator stood at 52.6 points, above our 52.1 forecast. Today's figure implies a 0.1 points expansion from October's revised figures. However, the weighted sum of the individual components within the manufacturing series was in line with last month's figure. Taking a look at the breakdown, the increase in the index was explained by a growth of three of the five sub-indices. We highlight the 1.9pts advance in the inventories component. Moreover, it is also worth noting the 0.3pts rise in both the production and deliveries sub-indices.

The manufacturing index appears to have consolidated above the 50-point optimism threshold. In addition, the behavior of the new orders and production sub-indices –as they are still relatively high–, which act as leading indicators of manufacturing production, seem to indicate that despite the recent increase in uncertainty about the future of the commercial relationship between Mexico and the US, purchasing managers probably expect a favorable outcome in the renegotiation of NAFTA. (refer to the table below).

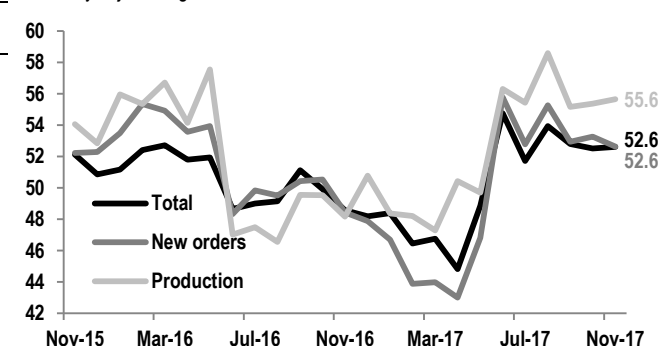
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IMEF's PMI manufacturing index
Seasonally adjusted figures

	Nov-17	Oct-17	Difference
Manufacturing	52.6	52.5	0.1
New orders	52.6	53.3	-0.6
Production	55.6	55.4	0.3
Employment	50.3	52.0	-1.7
Deliveries	49.7	49.4	0.3
Inventories	54.7	52.8	1.9

Source: Banorte-Ixe, IMEF

IMEF's PMI manufacturing index
Seasonally adjusted figures



Source: Banorte-Ixe, IMEF

The non-manufacturing index stood at 52.5 points (seasonally adjusted figures). This number implies a 0.6 points monthly rise, which previously stood at 51.9 points. Moreover, the weighted sum of the sub-indices within the non-manufacturing series also shows that the headline index increased 0.6 points.

Taking a look at the breakdown, we highlight the expansion in deliveries (1.8 points) and employment (1 point) sub-indices. We believe that the expansion in the index was driven in part due to the better outlook given the start of holiday purchases, which were kicked off by *El Buen Fin* promotions (*The Good Weekend*).

Non-manufacturing PMI index

Seasonally adjusted figures

	Nov-17	Oct-17	Difference
Non-manufacturing	52.5	51.9	0.6
New orders	53.9	54.9	-1.0
Production	54.5	53.9	0.6
Employment	50.8	49.8	1.0
Deliveries	52.3	50.5	1.8

Source: IMEF

Despite an increase in the uncertainty about the future of the US trade policy, purchasing managers remain optimistic. In spite that the tone of Donald Trump's administration over the renegotiation of NAFTA worsened during the past months, we believe that purchasing managers still foresee a positive outlook for the economy, which would contemplate a successful renegotiation of NAFTA. This has been evidenced by the permanence of both indices above the of 50-unit threshold.

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