

IMEF's PMI surveys – Inventories explained the slightly reduction in March's figures

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- **IMEF Manufacturing PMI (March, sa): 51.6pts. Banorte-Ixe: 52.3 points; consensus: 51.4pts. (range of estimates: 50.5 to 52.3); previous: 51.8**
- **IMEF Non-manufacturing PMI (March, sa): 50.8; Banorte-Ixe: 51.4; consensus: 50.6pts. (range of estimates: 50 to 51.4); previous: 50.6pts.**
- **The 0.2 points reduction in the manufacturing index was explained by the contraction in inventories and new orders sub-indexes**
- **However, we believe that the manufacturing sector will show a much more visible recovery in the next months**

IMEF's manufacturing PMI posted a 0.2 point reduction. The *IMEF* just published its PMI surveys results for March, where the manufacturing indicator stood at 51.6 points, below with our 52.3 forecast, but still above the 50 points threshold. Today's figure implies a 0.2 points reduction from the level observed in February. Taking a look at the breakdown, we highlight that the inventories and new orders indexes decreased 6.0 and 0.6 points, respectively. However, the employment, production and deliveries indexes edged-up 2.9, 1.0 and 0.8 points, respectively (refer to the following table).

Manufacturing PMI index

sa	Mar-16	Feb-16	Difference
Manufacturing	51.6	51.8	-0.2
New orders	52.8	53.4	-0.6
Production	56.2	55.3	1.0
Employment	49.8	46.9	2.9
Deliveries	49.8	49.0	0.8
Inventories	47.4	53.4	-6.0

Source: IMEF

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The non-manufacturing index stood at 50.8 (seasonally adjusted figures). This number implies a 0.1 point monthly expansion, and it was above the 50 points threshold for the third consecutive month. Taking a look at the breakdown, the deliveries, production and new orders components increased 2.0, 1.0 and 0.8 points, respectively. However, the employment index posted a 0.8 points reduction in February, as shown in the table below.

Non-manufacturing PMI index

Non-manufacturing	50.8	50.6	0.1
New orders	52.2	51.4	0.8
Production	56.2	55.3	1.0
Employment	49.0	49.8	-0.8
Deliveries	49.4	47.3	2.0

Source: IMEF

Despite today's reduction figure, we believe that the manufacturing sector will show a more visible recovery in the next months. We believe that manufacturing output will show a better performance in the next months given the better growth prospects for Mexico's private consumption, which will translate into an increasing domestic demand for manufacturing goods.

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