

IMEF's PMI surveys – Recovery in both indices

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- **IMEF Manufacturing PMI (February, sa): 52.6pts; Banorte: 51.7pts; consensus: 52pts (range of estimates: 51.7 to 52.4pts); previous: 51.5pts**
- **IMEF Non-manufacturing PMI (February, sa): 53.4pts; Banorte: 52.3pts; consensus: 52.6pts (range of estimates: 52.3 to 53.8pts); previous: 53pts**
- **The 1.1 point expansion in the manufacturing index was explained by an increase in four out of the five sub-indices**
- **Moreover, the non-manufacturing index grew by 0.4 points, given the expansion in the new orders and production components**
- **The increase in uncertainty about possible US trade policies may weigh on the indices in the coming months**

IMEF's manufacturing PMI posted a 1.1 point expansion. The IMEF just published its PMI surveys for February, where the manufacturing indicator stood at 52.6 points, below our 51.7 forecast. Today's figure implies a 1.1 point rise from January's revised figures. Moreover, the weighted sum of the individual components within the manufacturing series posted a 2 point expansion. Taking a look at the breakdown, the growth of the index was explained by a jump in four of the five sub-indices. We highlight the 3.9pts advance in the new orders component, as well as the 3.5pts increase in production.

It should be noted that only the inventories index is below the 50 point threshold. On the other hand, new orders and production are standing at relatively high levels. In this sense, the increase in these components could indicate an acceleration of US orders, anticipating greater uncertainty in the renegotiation of NAFTA, which could be extended until next year. We believe that once this uncertainty begins to dissipate these sub-indices will return to their average level while the rest of the indicators may show an improvement.

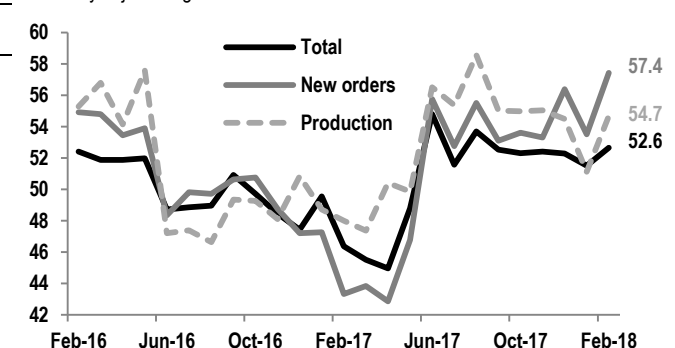
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IMEF's PMI manufacturing index
Seasonally adjusted figures

	Feb-18	Jan-18	Difference
Manufacturing	52.6	51.5	1.1
New orders	57.4	53.5	3.9
Production	54.7	51.1	3.5
Employment	51.2	49.4	1.8
Deliveries	49.9	50.1	-0.1
Inventories	50.3	49.4	0.9

Source: Banorte, IMEF

IMEF's PMI manufacturing index
Seasonally adjusted figures



Source: Banorte, IMEF

The non-manufacturing index stood at 53.4 points (seasonally adjusted figures). This number implies a 0.4 point monthly rise, which previously stood at 51.9 points. The increase comes on the back of the 2.6 pts. expansion in the new orders sub-index as well as the 1.2 pts. growth in production. Moreover, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index increased 0.8 points.

Similarly to the manufacturing index, the inventories index is below the 50 point threshold, while new orders and production continue to show relative strength within the indicator.

Non-manufacturing PMI index

Seasonally adjusted figures

	Feb-18	Jan-18	Difference
Non-manufacturing	53.4	53.0	0.4
New orders	56.3	53.7	2.6
Production	54.5	53.2	1.2
Employment	51.4	51.5	-0.1
Deliveries	49.2	50.2	-1.0

Source: IMEF

The increase in uncertainty about possible US trade policies may weigh on the indices in the coming months. Although the tone of the administration of Donald Trump over the renegotiation of NAFTA did not show a further deterioration in February, we believe that purchasing managers will continue to be cautious until they have a clearer picture. On the other hand, the prospects of lower dynamism in private consumption could have a negative impact on the non-manufacturing index.

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