

## IMEF's PMI surveys – Marginal reduction in the Manufacturing PMI

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- **IMEF Manufacturing PMI (April, sa): 51.8pts. Banorte-Ixe: 51.7 points; consensus: 51.4pts. (range of estimates: 51.2 to 52); previous: 51.8**
- **IMEF Non-manufacturing PMI (April, sa): 50.5; Banorte-Ixe: 51; consensus: 50.9pts. (range of estimates: 50.4 to 51.3); previous: 50.7pts.**
- **The marginal 0.1 points reduction in the manufacturing index was explained by the contraction in the production, new orders, and deliveries sub-indexes**
- **However, the new orders to inventories ratio is well-above the 1 point threshold**
- **We believe that the manufacturing sector will show a more visible recovery in the second quarter**

*IMEF's manufacturing PMI posted a marginal 0.1 point reduction. The IMEF just published its PMI surveys results for April, where the manufacturing indicator stood at 51.8 points, above our 51.7 forecast. Today's figure implies a 0.1 points reduction from the level observed in March. Taking a look at the breakdown, we highlight that the production, new orders, and deliveries indexes decreased 0.2, 0.7, and 2.1 points, respectively. However, the employment and inventories indexes edged-up 4 and 2.9 points, respectively (refer to the following table).*

**Manufacturing PMI index**  
Seasonal adjusted figures

	Apr-16	Mar-16	Difference
<b>Manufacturing</b>	<b>51.8</b>	<b>51.9</b>	<b>-0.1</b>
New orders	52.8	53.0	-0.2
Production	55.4	56.1	-0.7
Employment	53.7	49.8	4.0
Deliveries	47.7	49.8	-2.1
Inventories	50.3	47.4	2.9

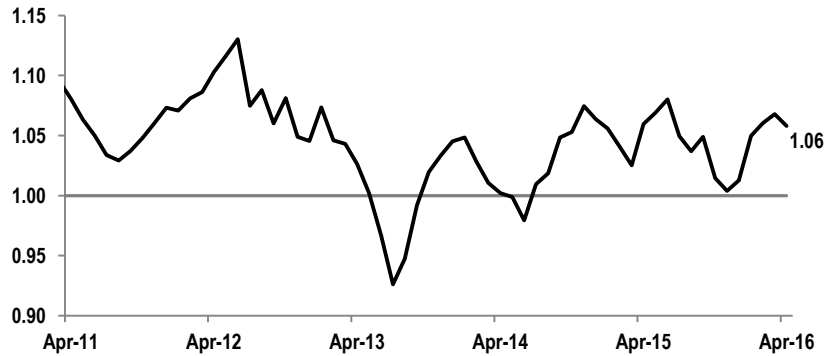
Source: IMEF

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**The new orders to inventories ratio continues in positive territory.** The new orders to inventories ratio, a leading indicator of Mexico’s manufacturing output, has remained above the 1 point threshold, which implies that despite April’s contraction, Mexico’s manufacturing output will probably show a better performance during the second quarter.

**New orders to inventories ratio**

Seasonal adjusted figures, 3-month moving average



Source: Banorte-ixe

**The non-manufacturing index stood at 50.5 points (seasonally adjusted figures).** This number implies a 0.2 point monthly reduction. However, the non-manufacturing PMI stood above the 50 points threshold for the fourth consecutive month. Taking a look at the breakdown, the deliveries, production and new orders components fell by 0.1, 0.1, and 0.5 points, respectively. However, the employment index posted a 0.7 points growth in April, as shown in the table below.

**Non-manufacturing PMI index**

	Apr-16	Mar-16	Difference
<b>Non-manufacturing</b>	<b>50.5</b>	<b>50.7</b>	<b>-0.2</b>
New orders	51.9	52.4	-0.5
Production	52.2	52.3	-0.1
Employment	50.0	49.3	0.7
Deliveries	49.5	49.5	-0.1

Source: IMEF

**Despite today’s reduction, we believe that the manufacturing sector will show a more visible recovery.** Looking ahead, manufacturing output will probably show a better performance given the better growth prospects for Mexico’s private consumption, which will translate into an increasing domestic demand for manufacturing goods. Moreover, we believe that the U.S. manufacturing industry could show a more visible recovery in 2Q16, which will translate into a higher external demand for Mexico’s intermediate manufacturing goods.

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