

IMEF's PMI surveys – November's fall partially reflects the US election outcome

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Francisco Flores
Economist, Mexico
francisco.flores.serrano@banorte.com

- **IMEF Manufacturing PMI (November, sa): 49.4pts. Banorte-Ixe: 50.1pts; consensus: 50.2pts. (range of estimates: 49.5 to 51.5); previous: 50.3pts**
- **IMEF Non-manufacturing PMI (November, sa): 49.1; Banorte-Ixe: 50.1pts; consensus: 51pts. (range of estimates: 50.8 to 52); previous: 50pts**
- **The 0.9 points contraction in the manufacturing index was explained by a fall in 4 out of 5 components**
- **We believe that the result of the US election has already impacted companies' future decisions**

IMEF's manufacturing PMI posted a 0.9 points decrease. The *IMEF* just published its PMI surveys results for November, where the manufacturing indicator stood at 49.4 points, below our 50.1 forecast. Today's figure implies a 0.9 points decrease from the level observed in October. Moreover, the weighted sum of the individual components within the manufacturing series shows a 1.1 points loss in November. Doing this calculation, October's index stood at 50.9 points, while November's index stood at 49.8 points.

Taking a look at the breakdown, there was a contraction in all of the sub-indices except one, inventories, which rose by 0.2 units. In addition, the employment sub-index posted a 2.7 reduction while the new orders component lost 2.5 points. The fall in the new orders component is particularly relevant since it is a leading indicator of manufacturing's future outlook.

Manufacturing PMI index

Seasonal adjusted figures

	Nov-16	Oct-16	Difference
Manufacturing	49.4	50.3	-0.9
New orders	49.3	51.8	-2.5
Production	48.1	49.4	-1.4
Employment	48.7	51.4	-2.7
Deliveries	52.2	53.0	-0.8
Inventories	47.4	47.2	0.2

Source: IMEF

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The non-manufacturing index stood at 49.1 points (seasonally adjusted figures). This number implies a 0.9 point monthly reduction. In addition, the weighted sum of the sub-indices within the non-manufacturing series shows that the headline index decreased 1 point.

Taking a look at the breakdown, three of the four sub-indices declined. Only the deliveries sub-index rose (3.2 points). More concerning are the decreases in production (-4.2 points) and employment (-2.1 points) sub-indices.

Non-manufacturing PMI index

	Nov-16	Oct-16	Difference
Non-manufacturing	49.1	50.0	-0.9
New orders	49.9	50.5	-0.6
Production	45.4	49.6	-4.2
Employment	48.6	49.6	-1.0
Deliveries	53.5	51.9	3.2

Source: IMEF

We believe that the US election result has already impacted companies' future decisions. After the contraction in both indices below the 50 point threshold, we consider that the uncertainty around the future performance of the Mexican economy, stemming from Donald Trump's possible protectionist policies, will continue to have a negative impact on Mexico's economic growth in the coming months.

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Francisco José Flores Serrano	Economist, National	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research – Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates / Financials/ Mining / Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food / Beverages / Specialized Commerce	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airlines / Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto Parts/ Consumer Discretionary / Real Estate / Retail	valentin.mendoza@banorte.com	(55) 1670 - 2250
Eugenia Ivonne Arias Medina	Analyst	eugenia.arias.medina@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugoa.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454