

# IMEF's PMI surveys – Contraction in both indices

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- **IMEF Manufacturing PMI (April, sa): 51.7pts; Banorte: 53.3pts; consensus: 53.5pts; previous: 53.7pts**
- **IMEF Non-manufacturing PMI (April, sa): 52.4pts; Banorte: 53pts; consensus: 53; previous: 53.4pts**
- **The 2 points contraction in the manufacturing index was explained by an increase in three out of the five sub-indices**
- **Moreover, the non-manufacturing index fell by 1 point, given the reduction in three sub-indices**
- **Uncertainty about future U.S. trade policies, as well as the electoral process, could weigh on the index in the coming months**

**IMEF's manufacturing PMI posted a 2 points contraction.** The IMEF just published its PMI surveys for April, where the manufacturing indicator stood at 51.7 points, below our 53.3 forecast. Today's figure implies a 2 points decrease from March's revised figures. Moreover, the weighted sum of the individual components within the manufacturing series posted a 1.9 points fall. Taking a look at the breakdown, the reduction of the index was explained by a drop in three of the five sub-indices.

We highlight the 6.8pts contraction in the new orders component, as well as the 5pts fall in production. Employment was reduced by 0.9pts, while deliveries and inventories rose 0.4pts and 2.9pts, respectively. It should be noted that with these results all components stand above the 50 unit threshold, where we highlight the levels of the components of inventories (52.9pts.) and production (52.7pts.).

We believe that the drop in April was due to a moderation in the favorable responses in the components of new orders and production, given that these had presented very high figures in the previous months. Going forward, a favorable renegotiation of NAFTA, as well as an environment of less uncertainty after the electoral process on July 1 may boost the manufacturing indicator.

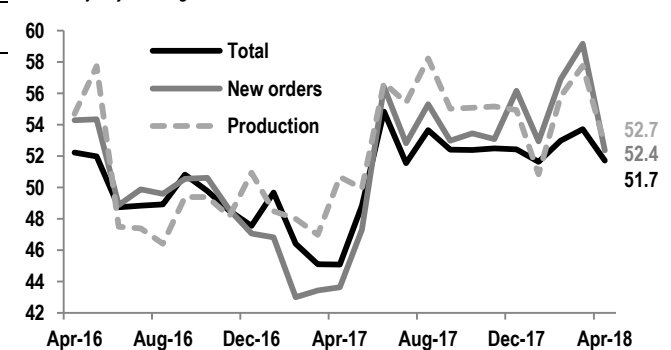
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**IMEF's PMI manufacturing index**  
Seasonally adjusted figures

	Apr-18	Mar-18	Difference
<b>Manufacturing</b>	<b>51.7</b>	<b>53.7</b>	<b>-2.0</b>
New orders	52.4	59.2	-6.8
Production	52.7	57.7	-5.0
Employment	50.6	51.5	-0.9
Deliveries	50.4	50.0	0.4
Inventories	52.9	50.0	2.9

Source: Banorte, IMEF

**IMEF's PMI manufacturing index**  
Seasonally adjusted figures



Source: Banorte, IMEF

**The non-manufacturing index stood at 52.4 points (seasonally adjusted figures).** This number implies a 1.0 point monthly decline, which previously stood at 53.4 points. In this regard, the weighted sum of the components showed a contraction of the same magnitude (-1.1pts).

The fall comes on the back of the 2.6 pts. reduction in the new orders sub-index, as well as the 2.5pts. contraction in the production component. In addition, the deliveries component shows a 1.9pts. decrease, while employment rose by 2.6pts.

With these results, the employment component is the only one in the contraction field (49.7 pts.), while the new orders (56.6 pts.) and production (55.4 pts.) remain in relatively high levels. Looking ahead, we believe that inflation's recent trajectory could lead to an increase in the index in the following months.

**Non-manufacturing PMI index**

Seasonally adjusted figures

	Apr-18	Mar-18	Difference
<b>Non-manufacturing</b>	<b>52.4</b>	<b>53.4</b>	<b>-1.0</b>
New orders	53.5	56.1	-2.6
Production	52.6	55.1	-2.5
Employment	52.2	49.6	2.6
Deliveries	49.6	51.5	-1.9

Source: IMEF

**Uncertainty about future U.S. trade policies, as well as the electoral process, could weigh on the index in the coming months.** Even though in recent weeks the news on NAFTA's renegotiation have been favorable, we believe that purchasing managers will continue to show caution until they have a clearer picture. Additionally, the uncertainty related to the electoral process could adversely impact the indices.

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