

# Wage negotiations – Salaries increase 5.4% in April

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- **The Ministry of Labor just published the contractual wage negotiation figures for April**
- **Wage negotiations (April) 4.6%; Banorte: 5.1%; previous: 5.5%**
- **Salaries in the private sector rose 5.4%, although in the public sector they increased 3.4%**
- **We highlight the 4.8% growth in the services sector, particularly in the financial and real estate sub-sector**
- **Looking ahead, we continue to expect upward pressures in wage negotiations**
- **The State of Mexico stands out as the federal entity with the highest number of workers with wage increases in April 2018**

**Wages increased 4.6% in April.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During April, 224.9 thousand workers negotiated an average increase of 4.6%, below our 5.1% forecast. It is worth noting that this figure is significantly lower than the 5.5% seen in March.

In the first four months of the year, 806.9 thousand workers have benefited by an average increase of 5.1%, greater than the 4.4% seen in the same period of 2017. However, 56.5 thousand less workers have received a wage increase in comparison to last year.

The wage negotiations during the month were mainly explained by a greater number of workers in the public sector who got a raise vs. March. On average, 89,652 employees got a 3.4% increase in their wages. Moreover, 135,262 workers in the private sector received an average raise of 5.4% (as shown in the table below).

### Contractual wage negotiations

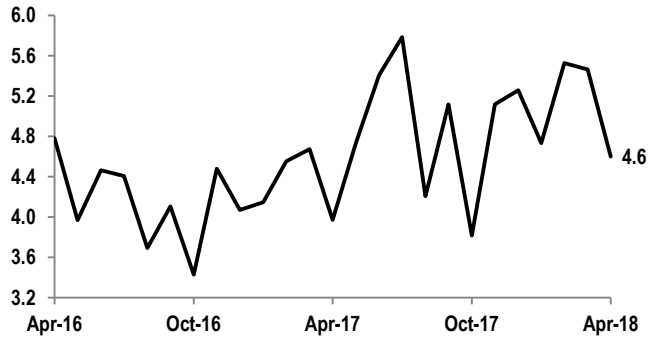
% yoy in nominal terms; number of workers

%yoy in nominal terms	Apr-18	Mar-18	Jan-Apr, 18	Jan-Apr, 17
<b>Total</b>	<b>4.6</b>	<b>5.5</b>	<b>5.1</b>	<b>4.4</b>
Public	3.4	4.9	3.5	3.1
Private	5.4	5.5	5.5	4.7
<b>Number of workers</b>				
<b>Total</b>	<b>224,914</b>	<b>186,958</b>	<b>806,912</b>	<b>863,379</b>
Public	89,652	1,911	161,584	160,797
Private	135,262	185,047	645,328	702,582
<b>Year-to-date's share of workers</b>				
<b>Total</b>	<b>27.9</b>	<b>23.2</b>		
Public	55.5	1.2		
Private	21.0	28.7		

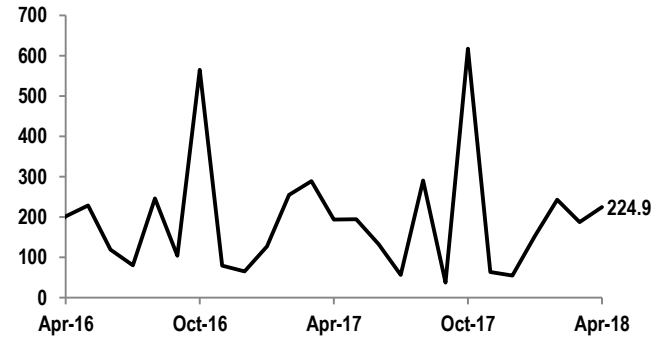
Source: Ministry of Labor

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**Contractual wage negotiations**  
% yoy, nominal



**Workers receiving a wage increase**  
thousands



Source: Ministry of Labor, Banorte

**Wages in the industrial sector increased 4.5%, benefitting the most workers out of any sector.** Taking a look at the breakdown, we highlight the average raise of 6% to 62,060 workers in the manufacturing sub-sector. Moreover, it is worth noting the growth seen in the utilities sector amounting to 3.4%, benefitting 89,429 employees. In addition, 942 workers in the mining sector received a 6.1% increase.

**Services sector posted a 4.8% average increase.** Within the sector, wage negotiations, financial and real estate posted the highest average raise reaching 6.1%, while benefitting 13,154 workers. On the other hand, the transportation, storage and communications sub-sector furthered 4.4% the wages of 39,139 employees. In addition, the commerce sector posted a 5.2% raise to 11,757 staff members.

**Contractual wage negotiations by sector**

	April 2018		Jan-Apr, 18		Jan-Apr, 17	
	%yoy	Workers	%yoy	Workers	%yoy	Workers
<b>Industrial</b>	<b>4.5</b>	<b>152,456</b>	<b>5.4</b>	<b>406,860</b>	<b>4.7</b>	<b>464,141</b>
Mining	6.1	942	6.0	7,360	5.5	19,395
Manufacturing	6.0	62,060	6.0	308,675	5.0	355,352
Construction	5.0	25	5.2	980	4.3	1,167
Utilities	3.4	89,429	3.4	89,845	3.1	88,227
<b>Services</b>	<b>4.8</b>	<b>71,852</b>	<b>4.7</b>	<b>395,888</b>	<b>4.1</b>	<b>395,377</b>
Commerce	5.2	11,757	5.1	83,479	4.3	80,933
Transport, storage and communications	4.4	39,139	4.7	165,070	4.1	150,620
Financial and real estate services	6.1	13,154	5.7	50,826	4.2	63,573
Other	4.3	7,802	4.0	96,513	3.7	100,251
<b>Agricultural</b>	<b>6.7</b>	<b>606</b>	<b>7.7</b>	<b>4,164</b>	<b>4.9</b>	<b>3,861</b>

Source: Ministry of Labor

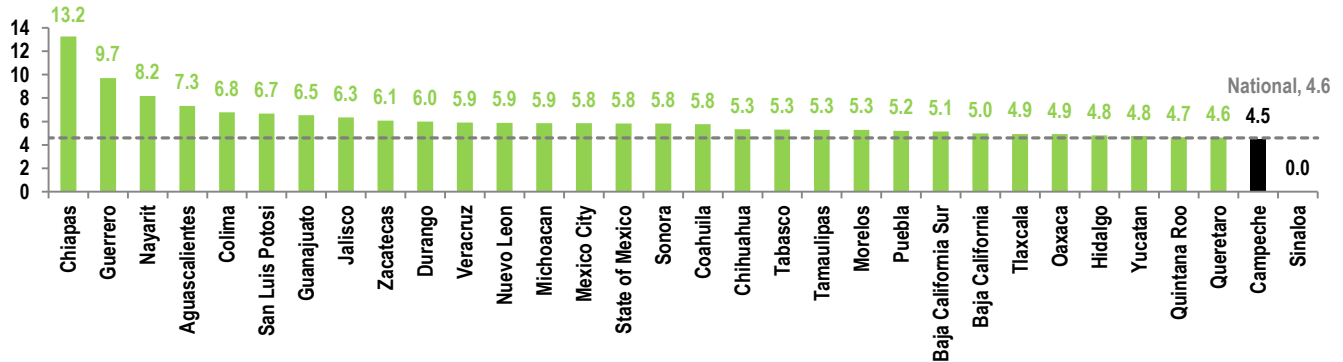
**Looking ahead, we continue to expect upward pressures in wage negotiations.** We consider that the impact of the increase in the minimum wage enacted on December 1, 2017, as well as persistence of high levels of inflation, will continue to weigh on wage negotiations in the first half of 2018.

*At the regional level*

**The State of Mexico stands out as the federal entity with the highest number of workers with wage increases in April 2018.** In the fourth month of 2018, 30 of the 32 states in Mexico showed an increase in their wage negotiations above or in line with the 4.6% weighted average. It is worth noting there are 159,907 workers who work in more than one entity, which received an average increase of 4.1%, which is not considered in the regional analysis.

**Contractual wage negotiations by federal entity: April 2018**

% in nominal terms



Source: Banorte; Ministry of Labor

The State of Mexico stands out as the entity with the most workers benefitting from a wage revision during April (12,009 workers). In this context, wage negotiations in this entity increased 5.8%, as shown in the following table. Year-to-date, 49,199 workers have furthered their wage by an average of 5.7%. However, Colima, Campeche, Tabasco, Durango, and Sinaloa showed the smallest number of workers with wage negotiations in the fourth month of 2018.

On the other hand, Chiapas was the entity with the highest wage increase in the month (+13.2%). It is important to remark that, this raise benefited only 493 workers mostly from the security sector. Year-to-date, 2,211 workers in the state saw their salary increase by an average of 8.2%, as shown in the table on the right. Further down, the states of Guerrero (9.7%), Nayarit (8.2%), Aguascalientes (7.3%), and Colima with 6.8%, also had firms that furthered wages for their workers above the national average, as shown in the table on the right.

**Higher and lower workers with contractual wage negotiations**

	Year-to-date				Higher and lower contractual wage negotiations				
	Workers	%	Workers	Jan-Apr '18	% oya	Workers	Jan-Apr '18	Workers	
<b>National</b>	<b>65,007</b>	<b>4.6</b>	<b>5.1</b>	<b>311,824</b>	<b>4.6</b>	<b>65,007</b>	<b>2,341</b>	<b>311,824</b>	
State of Mexico	12,009	5.8	5.7	49,199	Chiapas	13.2	35	2,211	
Guanajuato	11,086	6.5	6.5	49,419	Guerrero	9.7	144	1,821	
Nuevo León	4,865	5.9	5.6	24,381	Nayarit	8.2	74	363	
Mexico City	4,467	5.8	5.5	26,592	Aguascalientes	7.3	1,166	4,921	
Coahuila	3,976	5.8	6.0	16,545	Colima	6.8	52	3,943	
Colima	52	6.8	6.4	3,943	Yucatán	4.8	1,902	3,221	
Campeche	49	4.5	5.0	985	Quintana Roo	4.7	471	948	
Tabasco	30	5.3	5.2	617	Querétaro	4.6	3,012	9,723	
Durango	16	6.0	6.2	735	Campeche	4.5	49	985	
Sinaloa	--	--	5.5	4,353	Sinaloa	--	--	32	4,353

Source: Banorte; Ministry of Labor

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