

April's Formal employment – Manufacturing sector remains as the main growth driver behind the labor market

- **Formal employment (April): 82,562 new jobs; April 2015: 65,117**
- **In this context, the services sector generated 36,646 new jobs, while industrial activities added 53,997 jobs in April**
- **We believe that the formal labor market will continue to maintain a favorable performance in 2016**
- **Quintana Roo continues to be the federal entity with the highest creation of formal jobs**

According to the Ministry of Labor, 82,562 new formal jobs were created in April. This figure was significantly higher than creation of 65,117 formal jobs in April 2015. Taking a look at the breakdown, 78,237 jobs in April were permanent, while 4,325 temporary jobs were created. Moreover, year-to-date 65.1% of the total job creation has been permanent (labor contracts made for an indefinite period of time). Also, year-to-date 353,435 new formal jobs have been created, slightly below the 363,728 jobs created in the same period of last year.

Services generated 36,646 new jobs, while industrial activities added 53,997 jobs. We highlight the creation of 34,260 new formal jobs in manufacturing sector, given that it was the largest contributor to total employment in April. Moreover, construction added 21,696 jobs and the mining industries lost 343 jobs. In addition, trade added 23,350 new jobs; while “personal, firms, and household's services” subsector generated 16,383 formal jobs. Primary activities lost 8,081 jobs in April. Year-to-date, the industrial sector has generated 53.5% of the total job creation, while the services sector has contributed to 37.1% and the primary activities with 9.5%.

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Formal job creation by sector: April 2016

	Apr-16	Apr-15	Jan-Apr, '16	Jan-Apr, '15	% of total YTD
Total	82,562	65,117	353,435	363,728	
Permanent jobs	78,237	55,915	230,081	241,796	65.1
Temporary jobs	4,325	9,202	123,354	121,932	34.9
City workers	16,997	13,027	107,348	103,200	30.4
Farmworkers	-12,672	-3,825	16,006	18,732	4.5
Monthly formal job creation by economic sector					
Primary activities	-8,081	-3,564	33,475	24,542	9.5
Industrial activity	53,997	51,313	189,011	244,582	53.5
Mining	-343	841	-420	1,707	-0.1
Manufactures	34,260	30,328	122,705	164,240	34.7
Construction	21,696	21,257	67,429	81,068	19.1
Utilities	-1,616	-1,113	-703	-2,433	-0.2
Services	36,646	17,368	130,949	94,604	37.1
Trade	23,350	9,435	3,032	-4,214	0.9
Communications and transportation	2,898	4,093	17,330	15,856	4.9
Personal, firms, and household's services	16,383	921	57,178	31,372	16.2
Social and community services	-5,985	2,919	53,409	51,590	15.1

Source: Ministry of Labor

We believe that the formal labor market will maintain a favorable performance in 2016. Employment in the manufacturing sector continues to grow despite the deceleration of the Mexican manufacturing industry. Moreover, employment within the services has shown a favorable performance, adding 36,646 new jobs in April (345,182 new jobs last year). All of the above mentioned factors imply that the pace of growth in domestic demand has remained relatively stable. Looking ahead, we believe that the better growth prospects of Mexico's labor market will result in a higher growth of private consumption.

From our regional economy team

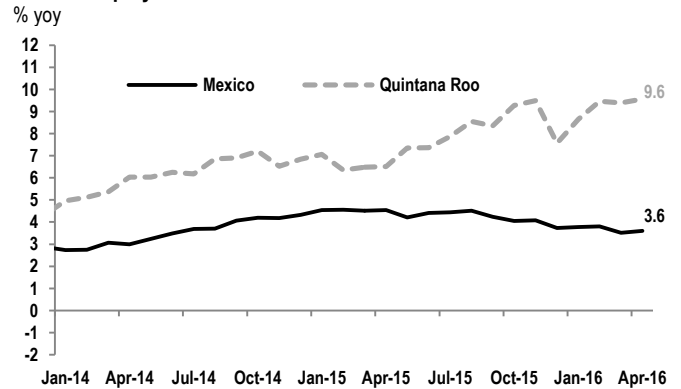
Quintana Roo continues to be the federal entity with the highest creation of formal jobs. Quintana Roo stands out as the entity that achieved the highest growth of formal employment for the fourth consecutive month (9.6%), with the creation of 2,291 new jobs. Other states that outperformed the national average were Queretaro (7.8%), Aguascalientes (7%), Baja California Sur (6.6%), and Sinaloa with 6.4% yoy. Moreover, year-to-date, Quintana Roo has achieved a creation of 18,584 formal jobs. Taking a look at the breakdown, 28% of the 2,291 formal jobs created were permanent, while the rest were short-term jobs. We believe that tourism sector continues to be the main generator of formal jobs.

States with the highest formal job creation: April 2016

	Apr-16	% annual	Jan-Apr, '16
National	82,562	3.6	353,435
Quintana Roo	2,291	9.6	18,584
Queretaro	4,384	7.8	22,197
Aguascalientes	2,422	7.0	11,208
Baja California Sur	4,410	6.6	6,501
Sinaloa	-8,668	6.4	5,712

Source: Banorte-Ixe; MoL

Formal employment: Mexico vs. Quintana Roo



Source: Banorte-Ixe; MoL

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