

## Formal employment slows down in April

May 15, 2017

- **Job creation (April): 26,765 new formal jobs (vs. 82,562 in Apr '16)**
- **Permanent jobs amounted to 30,214 jobs, while temporary positions decreased by 3,449 jobs**
- **By sectors, employment in the industrial sector increased by 14,438 new jobs during the period in question, while the services sector added 21,365 positions**
- **In addition, the agricultural sector lost 9,038 jobs**
- **Looking ahead we expect moderate job creation growth**
- **Quintana Roo and Tlaxcala lead the creation of formal jobs in April (9.7% yoy)**

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**New formal jobs amounted to 26.8 thousand jobs in April (vs. 82,562 thousand in Apr'16).** This figure implies a creation of 30,214 permanent jobs (labor contracts made for an indefinite period of time), along with a loss of 9,038 temporary jobs.

By sectors, employment in the industrial sector increased by 14,438 jobs during the period in question, while the services sector added 21,365 new positions. In the manufacturing sub-sector 17,543 jobs were created during the month. Meanwhile, construction lost 4,473 jobs. We believe that the surge in manufacturing jobs seen in the past few months is driven by a higher flow of exports, since firms are discounting possible trade barriers in the coming months, so we think this growth will moderate as uncertainty decreases.

Within the services sector, we highlight the increase of 14,024 jobs in the services for personal, firms, and household. However, 10,994 positions were lost in the social and community services sub-sector. We continue to observe that the formal job creation in the services sector continues to be driven by the business sector.

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**Formal job creation: April 2017**

	Apr-17	Apr-16	Jan-Apr, '17	Jan-Apr, '16
<b>Total</b>	<b>26,765</b>	<b>82,562</b>	<b>404,459</b>	<b>353,435</b>
<b>Permanent jobs</b>	<b>30,214</b>	<b>78,237</b>	<b>254,277</b>	<b>230,081</b>
<b>Temporary jobs</b>	<b>-3,449</b>	<b>4,325</b>	<b>150,182</b>	<b>123,354</b>
City workers	2,998	16,997	125,462	107,348
Farmworkers	-6,447	-12,672	24,720	16,006
<b>Monthly formal job creation by economic sector</b>				
<b>Primary activities</b>	<b>-9,038</b>	<b>-8,081</b>	<b>33,793</b>	<b>33,475</b>
<b>Industrial activity</b>	<b>14,438</b>	<b>53,997</b>	<b>238,763</b>	<b>189,011</b>
Mining	1,055	-343	5,209	-420
Manufacturing	17,543	34,260	173,348	122,705
Construction	-4,473	21,696	61,066	67,429
Utilities	313	-1,616	-860	-703
<b>Services</b>	<b>21,365</b>	<b>36,646</b>	<b>131,903</b>	<b>130,949</b>
Trade	-113	23,350	-25,007	3,032
Communications and transportation	8,471	2,898	14,890	17,330
Personal, firms, and household's services	14,024	16,383	71,417	57,178
Social and community services	-1,017	-5,985	70,603	53,409

Source: Ministry of Labor

**Looking ahead we expect job creation to moderate its growth.** We continue to believe that uncertainty surrounding the growth of the Mexican economy in 2017 will negatively impact formal employment. In addition, the contraction in public spending will continue to reduce job creation in the construction sector, given the fall in public infrastructure projects.

*From our regional economist*

**Quintana Roo and Tlaxcala lead the creation of formal jobs in April.** Both stand out as the leader within the rest of the federal entities with the highest growth of formal employment (9.7% yoy), Year-to-date, this figure was 5.4pp higher than the national average.

Quintana Roo generated a total of 21,538 formal jobs, 2,954 more than in the same period of 2016. Just in April 1,110 jobs were generated in the entity, all permanent jobs.

Moreover, for the second consecutive month Tlaxcala stands out as the entity with the highest percentage growth. In this regard, the state generated a total of 4,025 formal jobs in Jan-Apr'17, 1,781 more than in the same period of last year. Just in April, 586 jobs were generated in the entity, also all permanent jobs.

Other states that outperformed the national average were Queretaro (8.4%), Baja California Sur (8%), and Michoacan with 6.9% yoy, as seen in the next table.

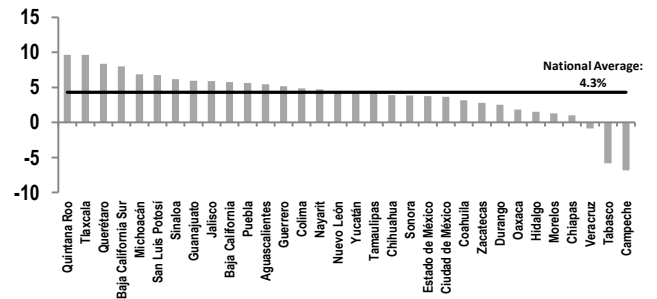
### States with the highest formal job creation: April 2017

	Insured workers (thousands)	% yoy	Job creation	
			Apr-17	Jan-Apr,'17
<b>National</b>	<b>4.3</b>	<b>26,765</b>	<b>404,45</b>	<b>4.3</b>
Quintana Roo	9.7	1,110	21,538	9.7
Tlaxcala	9.7	586	4,025	9.7
Queretaro	8.4	4,605	27,325	8.4
Baja California Sur	8.0	1,587	6,739	8.0
Michoacan	6.9	1,221	13,676	6.9

Source: Banorte-Ixe; MoL

### Formal job creation – April 2017

% yoy



Source: Banorte-Ixe; MoL

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