

# Wage negotiations – Salaries increased 5.8% in September

October 10, 2018

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- **The Ministry of Labor just published the contractual wage negotiation figures for September**
- **Wage negotiations (September) 5.8%; Banorte: 5.1%; previous: 6.0%**
- **Salaries in the private sector rose 5.9%, although in the public sector wages only increased 3.4%**
- **We highlight the 5.8% growth in the industrial sector, particularly in the manufacturing sub-sector**
- **Looking ahead, we continue to expect upward pressures in wage negotiations**
- **For the second consecutive month, the State of Mexico stands out as the federal entity with the highest number of workers with a wage increase in September 2018**

**Wages increased 5.8% in September.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During September, 78.8 thousand workers negotiated an average increase of 5.8%, above our 5.1% forecast. It is worth noting that this number is lower than the 6.2% revised figure from August.

In the first nine months of the year, 1.6 million workers have benefited by an average increase of 5.2%, greater than the 4.6% seen in the same period of 2017. Moreover, 52.3 thousand more 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 private sector who got a raise vs. those in the public sector. On average, 76,107 employees got a 5.9% increase in their wages. Moreover, only 2,659 workers in the public sector received an average raise of only 3.4% (as shown in the table below).

**Contractual wage negotiations**

% yoy in nominal terms; number of workers

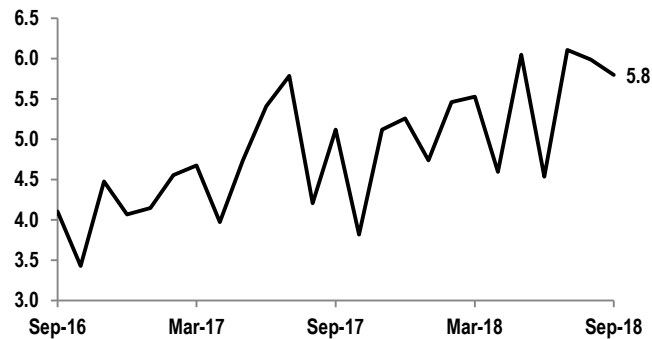
%yoy in nominal terms	Sep-18	Sep-17	Jan-Sep, 18	Jan-Sep, 17
<b>Total</b>	<b>5.8</b>	<b>6.0</b>	<b>5.2</b>	<b>4.6</b>
Public	3.4	3.4	3.5	3.1
Private	5.9	6.0	5.7	5.0
<b>Number of workers</b>				
<b>Total</b>	<b>78,766</b>	<b>126,802</b>	<b>1,626,733</b>	<b>1,574,425</b>
Public	2,659	484	345,002	344,240
Private	76,107	126,318	1,281,731	1,230,185
<b>Year-to-date's share of workers</b>				
<b>Total</b>	<b>4.8</b>	<b>7.8</b>		
Public	0.8	0.1		
Private	5.9	9.9		

Source: Ministry of Labor

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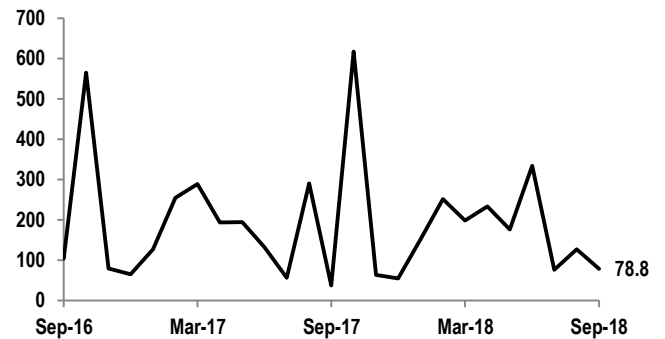
### Contractual wage negotiations

% yoy, nominal



### Workers receiving a wage increase

thousands



Source: Ministry of Labor

**Wages in the industrial sector increased 5.8%, benefitting the most workers out of any sector (47.9 thousand).** Taking a look at the breakdown, we highlight the average raise of 5.8% to 44,122 workers in the manufacturing sub-sector. Moreover, it is worth noting the growth seen in the mining sector amounting to 6.2%, benefitting 3,735 employees.

**Services sector posted a 5.2% average increase to 29.4 thousand employees.** Within the sector, wage negotiations in the commerce subsector rose 8.9%, benefitting 4,760 employees. Moreover, the financial and real estate sector increased the wages of 8,554 workers by 6.2%. Finally, the transportation, storage and communications sub-sector furthered 4.8% the wages of 11,978 employees.

### Contractual wage negotiations by sector

	September 2018		Jan-Sep, 18		Jan-Sep, 17	
	%yoy	Workers	%yoy	Workers	%yoy	Workers
<b>Industrial</b>	<b>5.8</b>	<b>47,942</b>	<b>5.4</b>	<b>938,093</b>	<b>4.7</b>	<b>917,221</b>
Mining	6.2	3,735	3.9	191,699	3.6	191,642
Manufacturing	5.8	44,122	6.1	653,787	5.3	629,544
Construction	0.0	0	5.1	1,589	4.3	2,895
Utilities	4.5	85	3.4	91,018	3.1	93,140
<b>Services</b>	<b>5.7</b>	<b>29,443</b>	<b>5.0</b>	<b>680,127</b>	<b>4.4</b>	<b>649,784</b>
Commerce	8.9	4,760	5.5	129,910	4.5	116,748
Transport, storage and communications	4.8	11,978	4.9	280,857	4.4	279,346
Financial and real estate services	6.2	8,554	5.5	109,843	4.2	99,026
Other	4.1	4,151	4.4	159,517	4.2	154,664
<b>Agricultural</b>	<b>5.7</b>	<b>1,381</b>	<b>7.1</b>	<b>8,513</b>	<b>5.0</b>	<b>7,420</b>

Source: Ministry of Labor

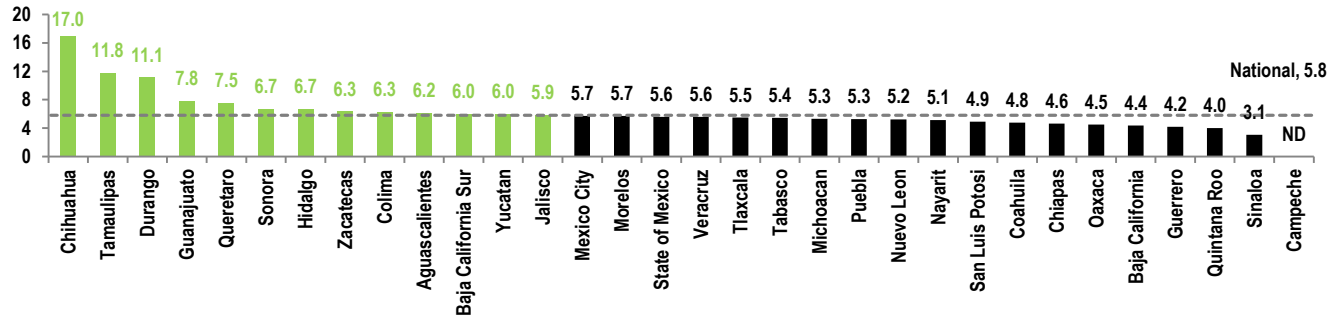
**Looking ahead, we continue to expect upward pressures in wage negotiations.** We consider that the impact of the increase in the minimum wage enacted on December 1, 2017, as well as the high levels of inflation seen last year, and in the first half of 2018, will continue to weigh on wage negotiations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

At a state level

**For the second consecutive month, the State of Mexico stands out as the federal entity with the highest number of workers with a wage increase in September 2018.** It is worth noting there are 43,024 workers who work in more than one entity which received an average increase of 5.2% during the month. However, these figures are not considered in the regional analysis. In the ninth month of 2018, 13 of the 32 states in Mexico showed an increase in their wage negotiations above or in line with the 5.8% national average.

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

% in nominal terms



Source: Banorte; Ministry of Labor

For the second consecutive month, the State of Mexico stands out as the entity with the most workers benefitting from a wage revision (6,682 workers). In this context, wage negotiations in this state increased 5.6%, which was given through 63 negotiations; that mostly benefited the salary conditions of the police force in the entity. By contrast Baja California Sur, Hidalgo, Chiapas and Nayarit showed the lowest number of workers with salary benefits of the country. For Campeche, the nominal wage increase figure was not included in the report.

Moreover, Chihuahua was the entity with the highest wage increase in the month (+17%), the highest since September 1999. It is important to highlight that this raise benefited only 853 workers, mostly from the police force of the entity. Year-to-date, 11,444 workers in the state have seen their salary increase by an average of 6.2%, as shown in the table on the right. On the other hand, the states of Tamaulipas (11.8%), Durango (11.1%), Guanajuato (7.8%) and Queretaro (7.5%), 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			
	Workers	%	Workers	Jan-Sep '18
<b>National</b>	<b>43,024</b>	<b>5.8</b>	<b>5.2</b>	<b>684,995</b>
State of Mexico	6,682	5.6	6.0	117,011
Coahuila	6,187	4.8	5.8	66,280
Guanajuato	5,916	7.8	7.5	91,096
Mexico City	3,363	5.7	5.4	56,048
Michoacan	2,811	5.3	6.1	14,799
Campeche	87	ND	4.6	1,234
Baja California Sur	40	6.0	5.6	4,249
Hidalgo	30	6.7	5.7	11,566
Chiapas	318	4.6	7.4	4,819
Nayarit	163	5.1	5.2	651

Source: Banorte; Ministry of Labor

**Higher and lower contractual wage negotiations**

	Year-to-date			
	% oya	Workers	Jan-Sep '18	Workers
<b>National</b>	<b>5.8</b>	<b>43,024</b>	<b>5,095</b>	<b>684,995</b>
Chihuahua	17.0	853	76	11,444
Tamaulipas	11.8	414	239	16,395
Durango	11.1	1,235	28	4,414
Guanajuato	7.8	5,916	339	91,096
Queretaro	7.5	1,303	115	16,990
Baja California	4.4	687	98	7,416
Guerrero	4.2	110	40	2,271
Quintana Roo	4.0	24	31	2,805
Sinaloa	3.1	934	87	7,192
Campeche	0.0	87	21	1,234

Source: Banorte; Ministry of Labor

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