

# Wage negotiations – Salaries increase 4.7% in January

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- **The Ministry of Labor just published the contractual wage negotiation figures for January**
- **Wage negotiations (January) 4.7%; Banorte: 4.7%; previous: 5.2%**
- **Salaries in the private sector rose 5.2%, although in the public sector they increased 3.7%**
- **We highlight the 5.6% growth in the industrial sector, particularly in the manufacturing sub-sector**
- **Looking ahead, we expect similar increases in salaries after the rise in the minimum wage**
- **The State of Mexico stands out as the federal entity with the highest number of workers with wage increases in the first month of 2018**

**Wages increased 4.7% in January.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During January, 140.1 thousand workers negotiated an average increase of 4.7%, in line with our forecast. It is worth noting that this figure stands below the 5.2% seen in December. However, it is still above the average seen in 2017, which amounted to 4.4%.

The wage negotiations during the month were mainly explained by the number of workers in the public sector who got a raise. On average, 45,264 employees got a 3.7% increase in their wages. Moreover, 94,822 workers in the private sector received an average growth of 5.2% (as shown in the table below).

### Contractual wage negotiations

Nominal, %yoy	Jan-18	Dec-17	2017
<b>Total</b>	<b>4.7</b>	<b>5.2</b>	<b>4.4</b>
Public	3.7	6.4	3.1
Private	5.2	5.2	5.1

### Number of workers

<b>Total</b>	<b>140,086</b>	<b>51,998</b>	<b>2,305,305</b>
Public	45,264	2,080	806,219
Private	94,822	49,918	1,499,086

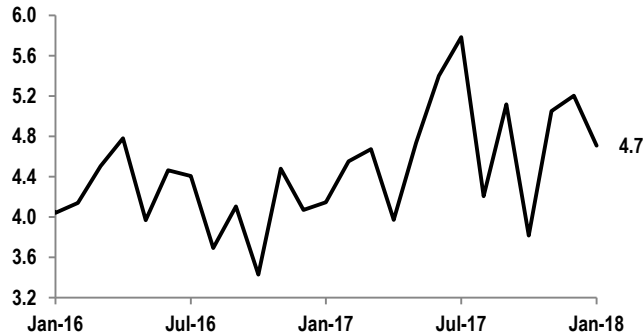
### Year-to-date's share of workers

<b>Total</b>	<b>100.0</b>	<b>2.3</b>
Public	100.0	0.3
Private	100.0	3.3

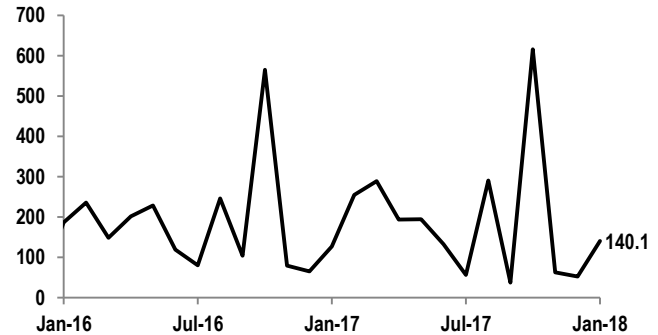
Source: Ministry of Labor

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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 5.6%.** Taking a look at the breakdown, we highlight the average raise of 5.6% to 36,645 workers in the manufacturing sub-sector. Moreover, it is worth noting the growth seen in the mining sector amounting to 5.1%, benefiting 2,114 employees.

**Services sector posted a 4.3% average increase, benefitting the most workers out of any sector.** Within the sector, wage negotiations in the financial and real estate sub-sector posted the highest average raise reaching 5.8%, while benefitting 13,494 workers. On the other hand, the “others” subsector furthered 3.4% the wages of 41,679 employees. This was driven by a similar raise to 39,108 workers of the education services sector.

**Contractual wage negotiations by sector**

	January 2018		2017	
	%yoy	Workers	%yoy	Workers
<b>Industrial</b>	<b>5.6</b>	<b>38,645</b>	<b>4.8</b>	<b>1,112,045</b>
Mining	5.1	2,114	3.6	200,458
Manufacturing	5.6	36,036	5.3	813,795
Construction	5.4	485	4.3	2,965
Utilities	3.9	10	3.2	94,827
<b>Services</b>	<b>4.3</b>	<b>100,313</b>	<b>4.0</b>	<b>1,184,011</b>
Commerce	5.0	5,519	4.9	133,747
Transport, storage and communications	4.7	39,621	4.6	310,902
Financial and real estate services	5.8	13,494	4.2	107,598
Other	3.4	41,679	3.4	631,764
<b>Agricultural</b>	<b>8.8</b>	<b>1,128</b>	<b>5.1</b>	<b>9,249</b>

Source: Ministry of Labor

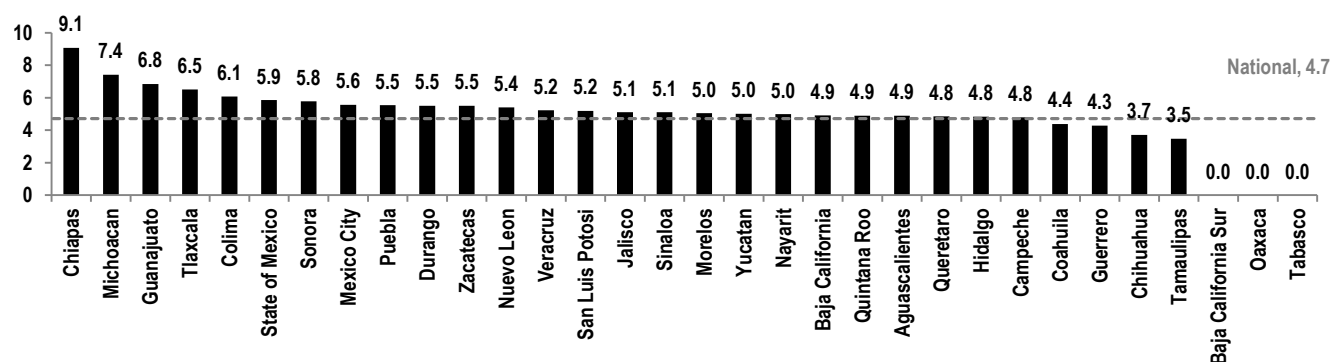
**We forecast similar increases in salaries in the coming months.** We consider that the impact of the increase in the minimum wage enacted on December 1, 2017 as well as the high levels of inflation seen in the latter part of 2017 will continue to put an upward pressure on wage negotiations in the first 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 the first month of 2018.** In January 2018, 25 of the 32 states in Mexico showed an increase in their wage negotiations above or in line with the 4.7% weighted average in nominal terms, as shown in table below.

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

% in nominal terms



Source: Banorte; Ministry of Labor

The State of Mexico stands out as the entity with the most workers benefiting from a wage revision during the first month of 2018 (5,614 workers). In this context, wage negotiations in this entity increased 5.9%, as shown in the following table. In 2017, 120,528 workers have furthered their wage by an average of 4.9%. However, in Baja California Sur, Oaxaca, and Tabasco showed no workers with wage negotiations in January.

On the other hand, for the second consecutive month, Chiapas stands out as the entity with the highest wage increase in the month (+9.1%), being the highest salary increase observed in the last 9 months. However, this raise only benefited 504 workers. In 2017, 8,673 workers in the state saw their salary increase by an average of 5.5%, as shown in the right table. Further down, the states of Michoacán (7.4%), Guanajuato (6.8%), Tlaxcala (6.5%), and Colima with 6.1%, also had firms that furthered wages for their workers above the national average, as shown in the right table.

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

**Higher and lower contractual wage negotiations**

	Year-to-date			Year-to-date			Year-to-date		
	Workers	%	Workers	2017	% oya	Workers	2017	Workers	
<b>National</b>	<b>32,746</b>	<b>4.7</b>	<b>4.4</b>	<b>784,366</b>	<b>4.7</b>	<b>32,746</b>	<b>5,823</b>	<b>784,366</b>	
State of Mexico	5,614	5.9	4.9	120,528	Chiapas	9.1	504	79	8,673
Mexico City	4,073	5.6	4.9	64,313	Michoacan	7.4	923	137	22,019
Nuevo Leon	3,513	5.4	4.7	58,428	Guanajuato	6.8	2,547	348	94,721
Sonora	2,655	5.8	5.4	25,315	Tlaxcala	6.5	806	55	11,110
Guanajuato	2,547	6.8	5.6	94,721	Colima	6.1	593	52	7,012
Yucatan	54	5.0	4.7	5,560	Chihuahua	3.7	1,157	102	15,536
Zacatecas	16	5.5	5.2	16,569	Tamaulipas	3.5	142	269	12,669
Baja California Sur	--	--	4.9	1,521	Baja California Sur	--	--	24	1,521
Oaxaca	--	--	3.8	2,846	Oaxaca	--	--	78	2,846
Tabasco	--	--	4.8	3,236	Tabasco	--	--	53	3,236

Source: Banorte; Ministry of Labor

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