

Employment report – November’s fall in the unemployment rate reflects the better growth dynamics in the labor market

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Saúl Torres
Analyst, Mexico
saul.torres@banorte.com

Regional and Sectorial

Miguel Calvo
Economist, Regional and Sectorial
miguel.calvo@banorte.com

- Unemployment rate (November): 3.96%; Banorte-Ixe: 4.3%; consensus: 4.3% (range of estimates: 3.9% to 4.65%); previous: 4.55%
- In seasonally adjusted terms, the unemployment rate decreased 0.21%-pts. to 4.09%
- Part-time workers: 9.4% (previous: 8.2%); participation rate: 61.2% (previous: 60.3%; seasonally adjusted figures)
- Looking ahead, we believe that the unemployment rate will remain around current levels
- On a regional basis, we highlight an unemployment rate improvement in Baja California Sur

The unemployment rate stood at 3.96% in November, below our 4.3% estimate (consensus: 4.3%; previous: 4.55%). This number implies a 0.57%-pts. reduction on an annual basis. Moreover, the participation rate increased 1.83%-pts. However, part-time workers rate edged up to 9.16% from 7.66% in November 2014 (refer to the table below).

INEGI's employment report: November 2015

nsa

%;	Nov-15	Nov-14	Jan-Nov, '15
Unemployment rate (EAP)	3.96	4.5	4.39
Participation rate	61.46	59.63	59.82
Part-time workers rate	9.16	7.66	8.41

Source: INEGI

In seasonally adjusted terms, the unemployment rate decreased 0.21%-pts. reaching 4.09%. Moreover, the participation rate edged-up 0.94%-pts., while the part-time workers rate increased to 9.4% from 8.2% as shown in the table below.

INEGI's employment report: November 2015

Seasonally adjusted figures

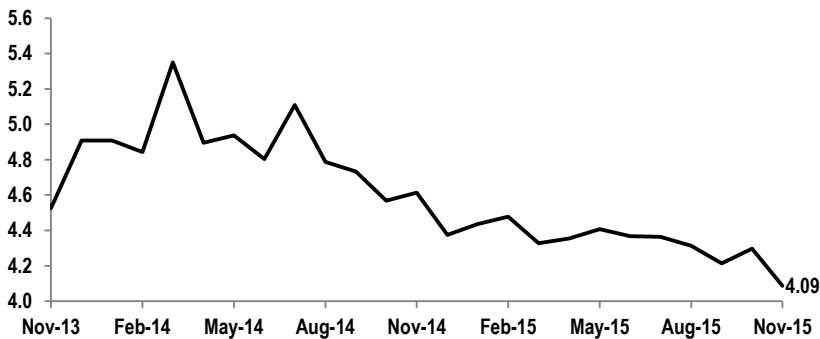
%	Nov-15	Oct-15	Difference
Unemployment rate (EAP)	4.09	4.30	-0.21
Participation rate	61.2	60.3	0.94
Part-time workers rate	9.4	8.2	1.19

Source: INEGI

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Unemployment rate: November 2015

% sa



Source: INEGI

We believe that the unemployment rate will remain around current levels.

In our opinion, the slight decrease in the unemployment rate (seasonally-adjusted figures) reflects the better growth dynamics in the Mexican economy. In particular, Mexico’s non-farm payrolls continue trending up, which suggests that a significant percentage of Mexican workers are entering the labor market given the better growth outlook that prevails. Looking ahead, we believe that the unemployment rate will probably remain at current levels, given that the initial recovery of the Mexican economy usually translates first in an increase in the participation rate. Moreover, it is likely that Mexico’s better growth dynamics will eventually result in a better performance of the labor market.

From our regional economy team

On a regional basis, we highlight an unemployment rate improvement in Baja California Sur. In our opinion, the 2.4pp reduction in the unemployment rate in Baja California Sur. With these figures, we believe this entity continued to show better growth dynamics within labor market than the other 31 states. Moreover, in November, formal employment increased 10.9% yoy in this state, with a 17,724 jobs created so far this year. Refer to [“Mexico: Formal employment – Services and primary activities drive the creation of 132,279 new formal jobs”](#). Similarly, we believe that the investments made in the state of MXN1,000 mn in paving for 5 municipalities and the US60 mn invested in the tourism sector with the opening of two hotels in “Los Cabos”, explained the better growth prospects of the labor market. However, year to date, unemployment rate in Baja California Sur reached a level of 5.1% yoy, above the 4.4% yoy national average.

Additionally, in Durango, Baja California, Querétaro, and Aguascalientes, the labor market has improved substantially vs. 2014 with significant declines in the unemployment rate. Moreover, in Tabasco, Veracruz, Nayarit, Campeche, and Oaxaca the unemployment rate increased slightly from the one obtained in the same month last year, as shown in the following table.

Entities with minor and major changes in the unemployment rate: November-2015

% yoy

	Nov-15	Nov-14	Jan-Nov, '15	Difference
Baja California Sur	4.5	6.8	5.1	-2.4
Durango	4.2	6.2	5.1	-2.0
Baja California	3.6	5.5	4.2	-1.8
Querétaro	4.8	6.3	4.9	-1.6
Aguascalientes	4.8	6.2	4.6	-1.5
Tabasco	7.2	6.4	6.6	0.8
Veracruz	4.2	3.6	3.6	0.6
Nayarit	5.9	5.4	5.5	0.5
Campeche	3.2	2.7	2.8	0.5
Guanajuato	5.2	5.0	4.8	0.2

Source: Banorte-Ixe; INEGI

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GRUPO FINANCIERO BANORTE S.A.B. de C.V.
Research and Strategy

Gabriel Casillas Olvera	Chief Economist and Head of Research	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967

Economic Analysis

Delia María Paredes Mier	Executive Director of Economic Analysis	delia.paredes@banorte.com	(55) 5268 - 1694
Alejandro Cervantes Llamas	Senior Economist, Mexico	alejandro.cervantes@banorte.com	(55) 1670 - 2972
Katia Celina Goya Ostos	Senior Global Economist	katia.goya@banorte.com	(55) 1670 - 1821
Miguel Alejandro Calvo Domínguez	Economist, Regional & Sectorial	miguel.calvo@banorte.com	(55) 1670 - 2220
Juan Carlos García Viejo	Economist, International	juan.garcia.viejo@banorte.com	(55) 1670 - 2252
Rey Saúl Torres Olivares	Analyst	saul.torres@banorte.com	(55) 1670 - 2957
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611

Fixed income and FX Strategy

Alejandro Padilla Santana	Head Strategist – Fixed income and FX	alejandro.padilla@banorte.com	(55) 1103 - 4043
Juan Carlos Alderete Macal, CFA	FX Strategist	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Santiago Leal Singer	Analyst Fixed income and FX	santiago.leal@banorte.com	(55) 1670 - 2144

Equity Strategy

Manuel Jiménez Zaldivar	Director Equity Research — Telecommunications / Media	manuel.jimenez@banorte.com	(55) 5268 - 1671
Victor Hugo Cortes Castro	Equity Research Analyst	victorh.cortes@banorte.com	(55) 1670 - 1800
Marissa Garza Ostos	Senior Equity Research Analyst – Conglomerates/Financials/ Mining/ Chemistry	marissa.garza@banorte.com	(55) 1670 - 1719
Marisol Huerta Mondragón	Equity Research Analyst – Food/Beverages	marisol.huerta.mondragon@banorte.com	(55) 1670 - 1746
José Itzamna Espitia Hernández	Equity Research Analyst – Airports / Cement / Infrastructure / Fibras	jose.espitia@banorte.com	(55) 1670 - 2249
Valentín III Mendoza Balderas	Equity Research Analyst – Auto parts	valentin.mendoza@banorte.com	(55) 1670 - 2250
María de la Paz Orozco García	Analyst	maripaz.orozco@banorte.com	(55) 1670 - 2251

Corporate Debt

Tania Abdul Massih Jacobo	Director Corporate Debt	tania.abdul@banorte.com	(55) 5268 - 1672
Hugo Armando Gómez Solís	Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Idalia Yanira Céspedes Jaén	Analyst, Corporate Debt	idalia.cespedes@banorte.com	(55) 1670 - 2248

Wholesale Banking

Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5268 - 9996
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
René Gerardo Pimentel Ibarrola	Head of Asset Management	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	ricardo.velazquez@banorte.com	(55) 5268 - 9879
Victor Antonio Roldan Ferrer	Head of Corporate Banking	victor.rolan.ferrer@banorte.com	(55) 5004 - 1454