

Formal job creation reaches a historical high in the first semester of 2017

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- **Job creation (June): 86,233 new formal jobs (vs. 68,269 in June '16)**
- **We highlight the job creation of the first semester of the year, which reached a new historical high**
- **Permanent jobs amounted to 98,818 jobs, while temporary positions decreased by 12,585 jobs**
- **By sectors, employment in the industrial sector increased by 61,171 new jobs during the period in question, while the services sector added 55,683 positions**
- **In addition, the agricultural sector lost 30,621 jobs**
- **Looking ahead we expect moderate job creation growth**
- **Baja California Sur leads the creation of formal jobs in June (11% yoy)**

New formal jobs amounted to 86.2 thousand jobs in June (vs. 68,269 in June'16). This figure implies a creation of 98,818 permanent jobs (labor contracts made for an indefinite period of time), along with a loss of 12,585 temporary jobs. Within this context, we highlight job creation growth in the 1S17 as the maximum in the history of the indicator.

By sectors, employment in the industrial sector increased by 61,171 jobs during the period in question, while the services sector added 55,683 new positions. In the manufacturing sub-sector 36,659 jobs were created during the month. Meanwhile, construction added 25,398 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 probably growth will moderate as uncertainty decreases.

Within the services sector, we highlight the increase of 29,464 jobs in the personal, firms, and household's services. Moreover, 25,531 positions were added in the commerce sub-sector. We continue to observe that the formal job creation in the services sector continues to be driven by the business and commercial sector.

In addition, we highlight the loss of 30,621 jobs in the agricultural sector, in line with the losses seen in the previous year. It is worth noting that this loss is explained by the agricultural cycle, which needs less labor during the month of May.

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Formal job creation: June 2017

	Jun-17	Jun-16	Jan-Jun, '17	Jan-Jun, '16
Total	86,233	68,269	26.3	517,434
Permanent jobs	98,818	94,664	4.4	417,483
Temporary jobs	-12,585	-26,395	-52.3	99,951
City workers	18,995	10,353	83.5	155,937
Farmworkers	-31,580	-36,748	-14.1	-55,986
Monthly formal job creation by economic sector				
Primary activities	-30,621	-36,059	-15.1	-42,937
Industrial activity	61,171	42,124	45.2	353,716
Mining	595	351	69.5	6,803
Manufacturing	36,659	24,544	49.4	238,673
Construction	25,398	17,113	48.4	111,126
Utilities	-1,481	116	-1,376.7	-2,886
Services	55,683	62,204	-10.5	206,655
Trade	25,531	23,437	8.9	10,657
Communications and transportation	11,393	8,765	30.0	36,895
Personal, firms, and household's services	29,464	37,869	-22.2	98,702
Social and community services	-10,705	-7,867	36.1	60,401

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.

At a regional level

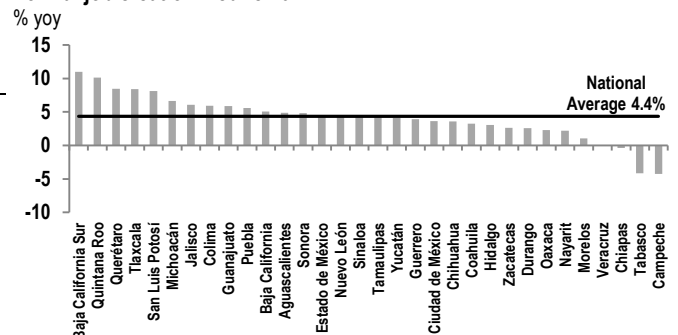
Baja California Sur leads the creation of formal jobs in June. Baja California Sur stands out as the leader within the rest of the federal entities with the highest growth of formal employment in June (11% yoy) since October 2015. Year-to-date, this figure was 6.6pp higher than the national average. Within this context, Baja California Sur generated a total of 12,015 formal jobs than in the same period of 2016. Just in June 2,879 jobs were generated in the entity (60% were permanent jobs).

Other states that outperformed the national average were Quintana Roo (10.1%), Querétaro (8.4%), Tlaxcala (8.4%), and San Luis Potosi with 8.1% yoy, as seen in the next table.

States with the highest formal job creation: June 2017

	Insured workers (thousands)	% yoy	Job creation	
			Jun-17	Jan-Jun, '17
National	19,047	4.4	86,233	517,434
Baja California Sur	397	11.0	2,879	12,015
Quintana Roo	95	10.1	7,980	32,426
Querétaro	536	8.4	4,246	33,645
Tlaxcala	165	8.4	152	4,658
San Luis Potosí	416	8.1	-37	20,823

Source: Banorte-Ixe; MoL

Formal job creation – June 2017


Source: Banorte-Ixe; MoL

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