

## Formal employment – Going strong in the first quarter of the year

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- **Job creation (March): 140,347 new formal jobs (vs. 59,412 in the same month last year)**
- **Permanent jobs amounted to 113,091 jobs, while the remaining 27,256 were temporary ones**
- **By sectors, employment in the industrial sector increased by 68,620 new jobs during the period in question, while the services sector added 64,440 jobs**
- **In addition, the agricultural sector created 7,287 jobs**
- **Despite the good performance of the formal labor market seen in the first quarter of the year, looking ahead we expect job creation to moderate its growth**
- **Tlaxcala leads the creation of formal jobs in March (10.3% yoy)**

**New formal jobs amounted to 140 thousand jobs in March (vs. 59 thousand in Feb'16).** This figure implies a creation of 113,091 permanent jobs (labor contracts made for an indefinite period of time), along with 27,256 temporary jobs.

By sectors, employment in the industrial sector increased by 68,620 jobs during the period in question, while the services sector added 64,440 new positions. In the manufacturing sub-sector 51,655 jobs were created during the month. In addition, construction supplied 15,227 new jobs.

Within the services sector, we highlight the increase of 41,564 jobs in the services for personal, firms, and household's services sub-sector, followed by 10,994 positions added in the social and community services sub-sector. Finally, agricultural activities added 7,287 jobs.

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**Formal job creation: March 2017**

|   | Mar-17         | Mar-16        | Jan-Mar, '17   | Jan-Mar, '16   |
|---|----------------|---------------|----------------|----------------|
| <b>Total</b>  | <b>140,347</b> | <b>59,412</b> | <b>377,694</b> | <b>270,873</b> |
| <b>Permanent jobs</b>                                 | <b>113,091</b> | <b>41,289</b> | <b>224,063</b> | <b>151,844</b> |
| <b>Temporary jobs</b>                                 | <b>27,256</b>  | <b>18,123</b> | <b>153,631</b> | <b>119,029</b> |
| City workers  | 25,375         | 6,433         | 122,464        | 90,351         |
| Farmworkers   | 1,881          | 11,690        | 31,167         | 28,678         |
| <b>Monthly formal job creation by economic sector</b> |                |               |                |                |
| <b>Primary activities</b>                             | <b>7,287</b>   | <b>13,127</b> | <b>42,831</b>  | <b>41,556</b>  |
| <b>Industrial activity</b>                            | <b>68,620</b>  | <b>11,773</b> | <b>224,325</b> | <b>135,014</b> |
| Mining  | 1,455          | -1,490        | 4,154          | -77            |
| Manufacturing   | 51,655         | 18,524        | 155,805        | 88,445         |
| Construction  | 15,227         | -7,110        | 65,539         | 45,733         |
| Utilities   | 283            | 1,849         | -1,173         | 913            |
| <b>Services</b>                                       | <b>64,440</b>  | <b>34,512</b> | <b>110,538</b> | <b>94,303</b>  |
| Trade   | 8,269          | 12,377        | -24,894        | -20,318        |
| Communications and transportation                     | 3,613          | -2,294        | 6,419          | 14,432         |
| Personal, firms, and household's services             | 41,564         | 13,176        | 57,393         | 40,795         |
| Social and community services                         | 10,994         | 11,253        | 71,620         | 59,394         |

Source: Ministry of Labor

**Despite the good performance of the formal labor market seen in the first quarter of the year, 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, already seen in the industrial production figures, 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*

**Tlaxcala leads the creation of formal jobs in March.** Tlaxcala stands out as the leader within the rest of the federal entities with the highest percentage growth of formal employment with an annual increase of 10.3%, being the highest growth in the state since August 2010. This figure was 5.6pp higher than the national average.

In terms of job creation, we highlight that in the first quarter of the year, Tlaxcala generated a total of 3,439 formal jobs, 2,211 more than in the same period of last year. Just in March, 1,554 jobs were generated in the entity. In this regard, of the 1,554 formal jobs, 540 were permanent jobs (35%), while 1,014 were eventually jobs (65%). Also, 97% of the eventually jobs were in the city and the rest in the countryside.

However, part of the increase in job creation in the entity, was due to a seasonal effect due to the Easter Holiday, as last year it occurred in March. In addition, there has been a greater flow of foreign investment within the state, despite economic uncertainty by the policies of President Trump. An example of this was the recent inauguration of the company *Ferper Springs* in the automotive sector.

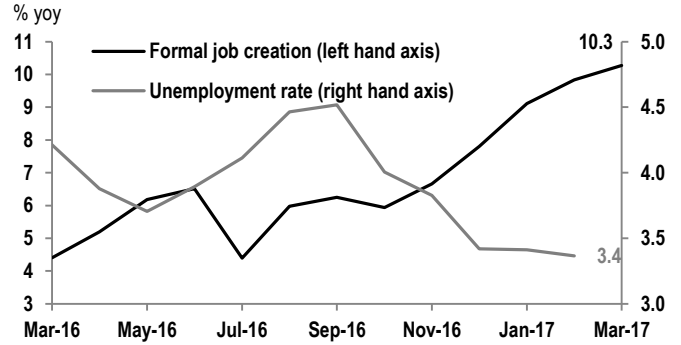
Other states that outperformed the national average were Baja California Sur and Quintana Roo (10.1% each), Queretaro (8.4%), and Michoacan with 6.9% yoy, as seen in the next table.

**States with the highest formal job creation: March 2017**

|                     | Insured workers (thousands) | % yoy  | Job creation |             |
|---------------------|-----------------------------|--------|--------------|-------------|
|                     |                             |        | Mar-17       | Jan-Mar,'17 |
| Total nacional      | 4.6                         | 140,34 | 377,69       | 377,694     |
| Tlaxcala            | 10.3                        | 1,554  | 3,439        | 3,439       |
| Baja California Sur | 10.1                        | 2,087  | 5,152        | 5,152       |
| Quintana Roo        | 10.1                        | 4,559  | 20,428       | 20,428      |
| Queretaro           | 8.4                         | 6,383  | 22,720       | 22,720      |
| Michoacán           | 6.9                         | 8,959  | 12,455       | 12,455      |

Source: Banorte-ixe; MoL

**Tlaxcala labor market**



Source: Banorte-ixe; MoL

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