

# Wage negotiations – Salaries increase 5.2% in December

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- The Ministry of Labor just published the contractual wage negotiation figures for December
- Wage negotiations (December) 5.2%; Banorte: 5%; previous: 5%
- Salaries in the private sector rose 5.2%, although in the public sector they increased 6.4%
- We highlight the 5.3% 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
- Michoacan stands out as the federal entity with the highest number of workers with wage revisions

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**Wages increased 5.2% in December.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During December, 36.4 thousand workers negotiated an average increase of 5.2% (Banorte: 5%).

With these results, the average wage increase in 2017 was 4.4%, standing above 2016's 4% average and reaching its highest level since 2012. In addition, it is worth mentioning that 2.3 million workers were benefited with a raise in their salary, 29.4 thousand more than in 2016.

The wage negotiations during the month were mainly explained by the number of workers in the private sector who got a raise. On average, 34,361 employees got a 5.2% increase in their wages. Moreover, only 2,080 workers in the public sector received an average growth of 6.4%.

### Contractual wage negotiations

Nominal, %yoy	Dec-17	Nov-17	2017	2016
<b>Total</b>	<b>5.2</b>	<b>5.0</b>	<b>4.4</b>	<b>4.0</b>
Public	6.4	3.5	3.2	3.1
Private	5.2	5.2	5.1	4.5

### Number of workers

<b>Total</b>	<b>36,441</b>	<b>62,232</b>	<b>2,288,017</b>	<b>2,258,581</b>
Public	2,080	4,899	806,219	829,302
Private	34,361	57,333	1,481,798	1,429,279

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

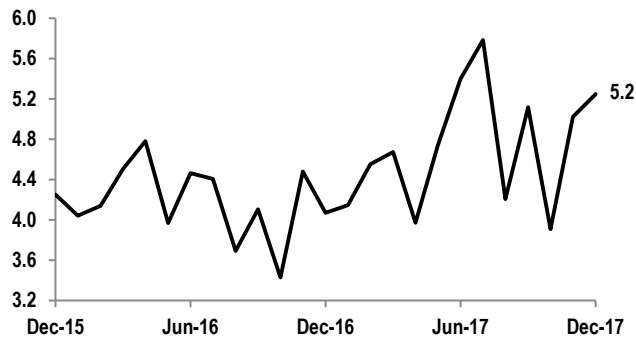
<b>Total</b>	<b>1.6</b>	<b>2.7</b>
Public	0.3	0.6
Private	2.3	3.9

Source: Ministry of Labor

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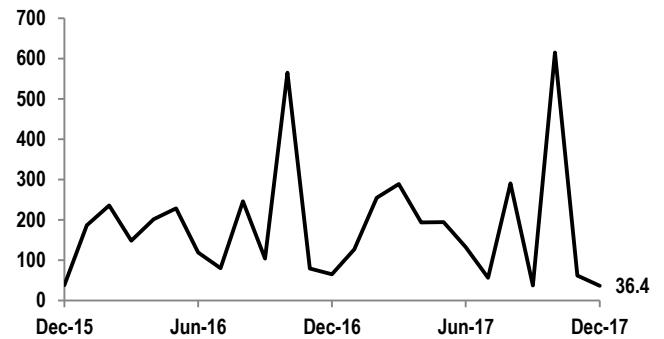
### Contractual wage negotiations

% yoy, nominal



### Workers receiving a wage increase

thousands



Source: Ministry of Labor, Banorte-Ixe

**Wages in the industrial sector increased 5.3%, benefitting the most workers out of any sector.** Taking a look at the breakdown, we highlight the average increase of 5.3% to 24,182 workers in the manufacturing sub-sector. Moreover, it is worth noting the growth seen in the mining sector amounting to 5.7%, benefitting 1,866 employees.

**Services sector posted a 5.1% average increase.** Within the sector, wage negotiations in the transportation, storage and communications sub-sector posted the highest average raise reaching 4.9%, while benefitting 8,900 workers. On the other hand, the commerce subsector furthered 4.6% the wages of 6,172 employees.

### Contractual wage negotiations by sector

	December 2017		2017		2016	
	%yoy	Workers	%yoy	Workers	%yoy	Workers
<b>Industrial</b>	<b>5.3</b>	<b>26,191</b>	<b>4.8</b>	<b>1,102,486</b>	<b>4.2</b>	<b>1,050,835</b>
Mining	5.7	1,866	3.6	200,458	3.4	187,009
Manufacturing	5.3	24,182	5.3	804,261	4.6	766,250
Construction	5.1	10	4.3	2,965	4.3	1,746
Utilities	3.5	133	3.1	94,802	3.2	95,830
<b>Services</b>	<b>5.1</b>	<b>8,822</b>	<b>4.0</b>	<b>1,176,282</b>	<b>3.8</b>	<b>1,198,916</b>
Commerce	5.0	1,851	4.9	133,701	5.7	124,966
Transport, storage and communications	5.7	4,497	4.5	303,968	3.9	327,480
Financial and real estate services	4.6	862	4.2	107,598	4.2	121,822
Other	3.8	1,612	3.5	631,015	3.2	624,648
<b>Agricultural</b>	<b>4.8</b>	<b>1,428</b>	<b>5.1</b>	<b>9,249</b>	<b>5.0</b>	<b>8,830</b>

Source: Ministry of Labor

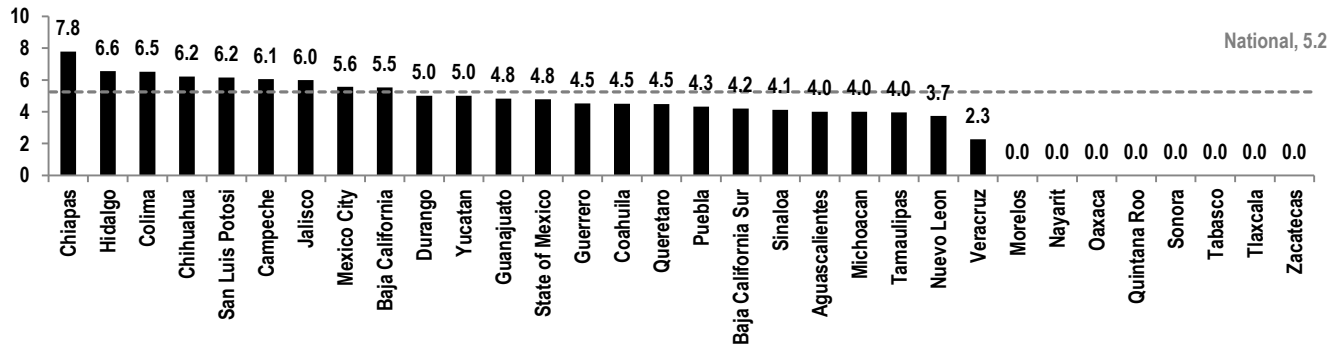
**We forecast similar increases in salaries in the coming months.** We consider that the impact of the increase in the minimum wage enacted on December 1 as well as the high levels of inflation seen in the latter part of 2017 will continue to put an upward pressure on wage negotiations in the first half of 2018.

*At the regional level*

**Michoacan stands out as the federal entity with the highest number of workers with wage increases.** In December, 9 of the 32 states in Mexico showed an increase in their wage negotiations above or in line with the 5.2% weighted average, as shown in table below.

**Contractual wage negotiations by federal entity: December 2017**

% in nominal terms



Source: Banorte-Ixe; Ministry of Labor

Michoacan stands out as the entity with the most workers benefitting from a wage revisions during December (5,021 workers), the highest number of the last 16 months. In this context, wage negotiations in this state increased 4%, as shown in the following table. In 2017, 22,019 workers have furthered their wage by an average of 5%. It is worth noting, in Morelos, Nayarit, Oaxaca, Quintana Roo, Sonora, Tabasco, and Zacatecas showed no workers with wage negotiations in December.

On the other hand, Chiapas stands out as the entity with the highest wage increase in the month (+7.8%), being the highest salary increase observed in the last 8 months. However, this raise only benefited 283 workers. Year-to-date, 8,673 workers in the state have seen their salary increase by an average of 5.5%, as shown in the right table. Further down, the states of Hidalgo (6.6%), Colima (6.5%), Chihuahua and San Luis Potosi 6.2% respectively, also had firms that furthered wages for their workers above the national average, as shown on the right hand side table.

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

	Year-to-date				Higher and lower contractual wage negotiations				
	Workers	%	Workers	2017	% oya	Workers	2017	Workers	
<b>National</b>	<b>24,438</b>	<b>5.2</b>	<b>4.4</b>	<b>777,718</b>	<b>National</b>	<b>5.2</b>	<b>24,438</b>	<b>5,796</b>	<b>777,718</b>
Michoacan	5,021	4.0	5.0	22,019	Chiapas	7.8	283	79	8,673
State of Mexico	3,386	4.8	4.9	120,304	Hidalgo	6.6	397	163	13,514
Jalisco	2,909	6.0	5.7	45,197	Colima	6.5	30	51	6,952
Guanajuato	2,855	4.8	5.6	92,671	Chihuahua	6.2	1,375	102	15,536
San Luis Potosi	2,508	6.2	6.6	29,249	San Luis Potosi	6.2	2,508	123	29,249
Quintana Roo	--	--	4.6	3,060	Quintana Roo	--	--	31	3,060
Sonora	--	--	5.4	23,680	Sonora	--	--	125	23,680
Tabasco	--	--	4.8	3,200	Tabasco	--	--	52	3,200
Tlaxcala	--	--	5.9	10,530	Tlaxcala	--	--	54	10,530
Zacatecas	--	--	5.2	16,489	Zacatecas	--	--	48	16,489

Source: Banorte-Ixe; Ministry of Labor

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