

# Wage negotiations – Mining sector leads most wage increases in September

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- **Wage negotiations (September): 4.1%; Banorte-Ixe: 4.3%; previous: 4.6%**
- **Wages in the private sector increased 4.4%, while in the public sector workers negotiated on average a 4% raise**
- **Looking ahead, we believe that the favorable performance in real wages will support consumption**
- **Baja California Sur stands out as the entity with the highest wage increase**

Wage negotiations in September came in at 4.1% in nominal terms (Banorte-Ixe: 4.3%). The negotiations in September were below the 4.3% average observed year-to-date. We highlight that September’s figure was derived from a 4.4% increase in private sector wages, coupled with an increase of 4% in the public sector. Moreover, most of the negotiations were conducted in the private sector (550 of the 550 negotiations that took place), but the bulk of workers belong to the public sector (184,720 of the 247,200 workers), as shown in the following table, and particularly inside the mining sector.

### Contractual wage negotiations

Nominal	Sep-15	Aug-15	Jan-Sep, 15	Jan-Sep, 14
<b>Total</b>	<b>4.1</b>	<b>4.6</b>	<b>4.3</b>	<b>4.3</b>
Public	4.0	3.3	3.1	3.7
Private	4.4	4.6	4.5	4.4
<b>In Real Terms</b>				
<b>Total</b>	<b>1.5</b>	<b>1.9</b>	<b>1.4</b>	<b>0.3</b>
Public	1.4	0.7	0.6	-0.3
Private	1.8	1.9	1.6	0.4
<b>Number of workers, thousands</b>				
<b>Total</b>	<b>247</b>	<b>84</b>	<b>1,512</b>	<b>1,474</b>
Public	185	0.9	369	403
Private	62	83	1,142	1,071

Source: Banorte-Ixe; Ministry of Labor

**4.1% increase in wages within the industrial sector was above the 3.9% observed in September 2014.** In the mining sector, wage increases were in the area of 4%, significantly above the ones negotiated in September 2014 (2.7%). This figure was mainly driven –according to our monthly wages monitoring- by wage increases in the *Pemex’s Union*, benefiting more than 150,000 workers. Moreover, in the manufacturing sector, wages increased 4.3% vs. 4.2% observed in the same period of 2014. Finally, in the construction sector, were conducted negotiations in the area of 4.2%.

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**Bargaining processes in the services sector resulted above the ones obtained in September 2014 (4.5% vs. 4.1%).** In the financial services sector, wages improved 4.1%, slightly below the 4.5% in September 2014. Moreover, workers in the professional services sector negotiated wages by 4.3%, above the 4.1% observed in September 2014. Similarly, in transportation, storage and communications sector, wage increases were at 4.6%, above the 4.1% figure observed last year. In the retail sector, wage increases were up 4% vs. the 4.6% observed in the same month of 2014.

**Finally in the agricultural sector, negotiations were conducted in the area of 4.6%.** We highlight that this figure is significantly higher than the 3.4% observed in the same period last year, as shown in the following table.

**Contractual wage negotiations in September 2015**

	Year-to-date				
	%	Workers	%	Workers	2014
<b>Total</b>	<b>4.1</b>	<b>247,200</b>	<b>4.3</b>	<b>1,511,722</b>	<b>4.1</b>
Public	4.0	184,720	3.7	369,329	3.6
Private	4.4	62,480	4.5	1,142,393	4.4
<b>Breakdown by sector</b>					
<b>Industrial</b>	<b>4.1</b>	<b>218,127</b>	<b>--</b>	<b>900,707</b>	<b>--</b>
Mining	4.0	185,036	4.2	206,780	4.2
Manufacturing	4.3	33,006	4.6	596,445	4.5
Construction	4.2	45	4.3	1,977	4.5
Utilities	4.0	40	3.4	95,505	3.5
<b>Services</b>	<b>4.5</b>	<b>28,386</b>	<b>--</b>	<b>603,337</b>	<b>--</b>
Commerce	4.0	1,780	4.3	116,259	4.3
Transport, storage and communications	4.6	10,875	4.0	109,826	3.9
Financial services	4.1	3,947	4.6	105,559	4.6
Other	4.5	11,784	4.7	271,693	4.6
<b>Agricultural</b>	<b>4.6</b>	<b>687</b>	<b>4.2</b>	<b>7,678</b>	<b>4.3</b>

Source: Banorte-ixe; Ministry of Labor

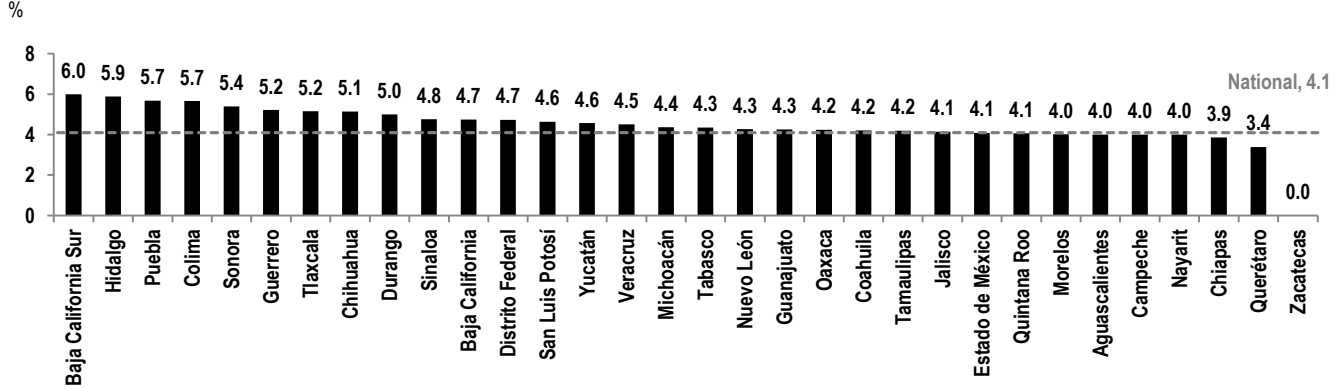
**Looking ahead, we believe that the favorable performance in real wages will support consumption.** We continue to believe that increases in contractual wages year-to-date respond mostly to a recovery period of lost productivity, and do not imply that firms perceive greater inflationary pressures. Given that inflation expectations for the next 12 months -according to the latest survey of private sector expectations of Banxico- remain around 3.76%, this leads to an expected increase in real wages.

From our regional economy team

**Baja California Sur stands out as the entity with the highest wage increase.**

According to the MoL figures in September, 22 of the 32 states in Mexico showed an increase in their wage negotiations above the average observed in the hole country.

**Contractual wage negotiations by federal entity: September 2015**



Source: Banorte-Ixe; Ministry of Labor

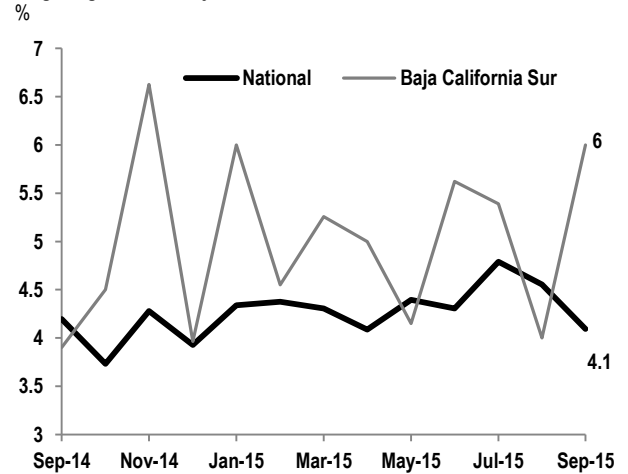
Baja California Sur, stands out as the entity with the highest wage increase. Further down, the states of Hidalgo (5.9%), Puebla (5.7%), Colima (5.7%) and Sonora (5.4%) also improved wages for their workers. On the other hand, the entities that failed or succeeded to a lesser extent to increase wages for its workers were Zacatecas (0%), Querétaro (3.4%), Chiapas (3.9%), Nayarit and Campeche (4%) as its shown in the lower left table.

**Higher and lower contractual wage negotiations**

	% oya	Workers	Year-to-date	
			Jan-Sep, '15	Workers
<b>Total</b>	<b>4.1</b>	<b>247,200</b>	<b>4.4</b>	<b>1,511,722</b>
Baja California Sur	6.0	59	5.1	3,644
Hidalgo	5.9	769	5.1	10,597
Puebla	5.7	1,596	4.6	30,706
Colima	5.7	230	4.8	3,839
Sonora	5.4	1,294	4.9	22,909
Zacatecas	0.0	15	4.4	6,166
Querétaro	3.4	413	4.6	17,479
Chiapas	3.9	289	4.6	7,725
Nayarit	4.0	157	4.3	817
Campeche	4.0	3	4.0	666

Source: Banorte-Ixe; Ministry of Labor

**Wage negotiations: Baja California Sur**



Source: Banorte-Ixe; Ministry of Labor

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