

## Formal employment – Job creation maintained an upward trend in September

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- **Job creation (september): 160,175 new formal jobs (vs. 117,644 in the same period last year)**
- **By sectors, employment in the services sector increased by 96,476 new jobs during the period in question, while the industrial sector added 63,585 new jobs**
- **In addition, the agricultural sector added 18,825 jobs**
- **We expect job creation to moderate in the last quarter of the year**
- **Quintana Roo maintains the lead in the creation of formal jobs at the end of 3Q16 (44.1% yoy)**

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**According to the Ministry of Labor, 160 thousand new formal jobs were created in September (vs. 117,644 in Sep'15).** This figure implies a generation of 125 thousand permanent jobs (labor contracts made for an indefinite period of time), along with a creation of 35 in short-term jobs.

Year-to-date, 742,369 new formal jobs have been created, above the 669,402 jobs created in the same period of 2015. Moreover, 81.5% of the total job creation has been permanent (labor contracts made for an indefinite period of time).

**By sectors, employment in the services sector increased by 96,476 jobs, while in the industrial sector 63,585 jobs were added.** In the manufacturing sector 40,521 jobs were added during the period in question. In addition, construction added 5,059 new jobs. Similarly, 96,746 new jobs were created within the services. Finally, agricultural activities added 18,825 jobs.

**We expect job creation to moderate in the last quarter of the year.** Employment within the services has shown a favorable performance, which suggests that the rate of growth of domestic demand remains relatively stable. However, as we mentioned in our consumer confidence flash, we expect a lower growth in the Mexican labor market during the last quarter of the year on the back of the spending cuts announced by the Federal Government back in June. This will translate into a lower job creation, particularly within the construction sector.

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*From our regional economist*

**Quintana Roo maintains the lead in the creation of formal jobs at the end of 3Q16 (44.1% yoy).** Finishing the third quarter of the year, Quintana Roo leads the rest of the federal entities with the highest growth of formal employment (44.1%), adding 5,168 new jobs, 1,582 jobs more than in 3Q15. Similarly, formal employment in Quintana Roo achieved an 11.2% yoy growth, 7.2pp more than the national average. In addition, year-to-date, the entity has created 32,158 new jobs.

We believe that Quintana Roo’s outstanding performance in the labor market is explained by new investments made within the entity, mainly as a result of the construction of new hotels and real estate developments that require a significant number of workers. Looking ahead, we believe that we’ll continue to see significant gains in the formal labor market that will highlight the favorable situation for new investments in the entity.

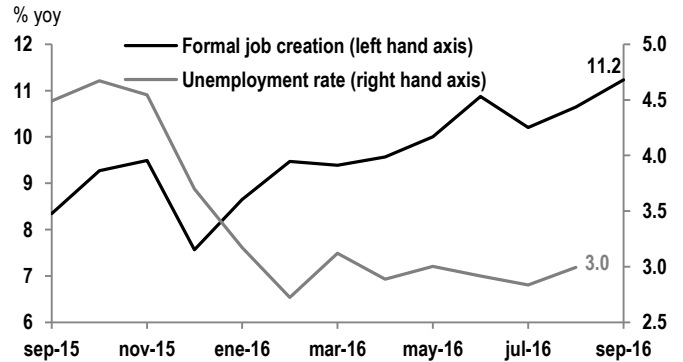
Other states that outperformed the national average were Querétaro (7.9%), Aguascalientes (7.4%), Baja California Sur (7.35), and Tlaxcala with 6.2% yoy, as seen in the next table.

**States with the highest formal job creation: September 2016**

	% annual	Jan-Sep, '16
<b>National</b>	<b>4.0</b>	<b>742,369</b>
Quintana Roo	11.2	32,158
Queretaro	7.9	39,822
Aguascalientes	7.4	19,509
Baja California Sur	7.3	12,199
Tlaxcala	6.2	7,178

Source: Banorte-Ixe; MoL

**Quintana Roo's labor market**



Source: Banorte-Ixe; MoL

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