

Formal employment – Job creation reaches maximum levels

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- **Job creation (November): 137,887 new formal jobs (vs. 132,279 in the same period last year)**
- **Year-to-date more than a million jobs have been created, reaching a new maximum levels**
- **By sectors, employment in the services sector increased by 84,071 new jobs during the period in question, while the industrial sector added 21,263 new jobs**
- **In addition, the agricultural sector added 32,553 jobs**
- **We expect job creation to slow down during the next year**
- **Quintana Roo maintains the lead in the creation of formal jobs in Nov'16 (11% yoy)**

According to the Ministry of Labor, 138 thousand new formal jobs were created in November (vs. 132 thousand in Nov'15). This figure implies a creation of 96 thousand permanent jobs (labor contracts made for an indefinite period of time), along with 42 thousand more short-term jobs.

Year-to-date more than a million jobs have been created, reaching new maximum levels. We highlight that from January through November, 1,051,808 new formal jobs have been created, of which 824,481 were permanent jobs and 227,327 were short-term.

By sectors, employment in the services sector grew in 84,071 new jobs during the period in question, while the industrial sector added 21,263 new jobs. In the manufacturing sector 22,600 jobs were added during the period in question. In addition, construction subtracted 1,905 jobs. Within the services sector, we highlight the increase of 41,792 jobs in the commerce sub-sector, followed by 27,415 new positions in the services for personal, firms, and household's services sub-sector. Finally, agricultural activities added 18,825 jobs.

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Formal job creation by sectors: November 2016

	Nov-16	Jan-Nov, '16
Total	137,887	1,051,808
Permanent jobs	96,352	824,481
Temporary jobs	41,535	227,327
City workers	12,583	227,268
Farmworkers	28,952	59
Monthly formal job creation by economic sector		
Primary activities	32,553	32,538
Industrial activity	21,263	473,024
Mining	450	1,700
Manufactures	22,600	317,465
Construction	-1,905	157,299
Utilities	118	-3,440
Services	84,071	546,246
Trade	41,792	177,213
Communications and transportation	10,564	58,149
Personal, firms, and household's services	27,415	224,169
Social and community services	4,300	86,715

Source: Ministry of Labor

We expect job creation to slow down during the next year. Despite the formal employment creation dynamism observed in recent months, particularly in the services sector, we believe that uncertainty surrounding the growth of the Mexican economy in the first months of next year will negatively impact formal employment, specifically in the industrial sector. In addition, the impact of the slowdown in public spending will continue to reduce job creation in the construction sector, given the fall in public infrastructure.

From our regional economist

Quintana Roo maintains the lead in the creation of formal jobs in Nov'16 (11% yoy). With figures as of November, Quintana Roo continues to lead the rest of the federal entities with the highest growth of formal employment (11%), adding 6,716 new jobs and 6.9pp more than the national average. In addition, year-to-date, the entity has created 45,141 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. However, we highlight that 50% of the jobs created within the entity were short-term jobs, which we believe will end after the holiday season finishes.

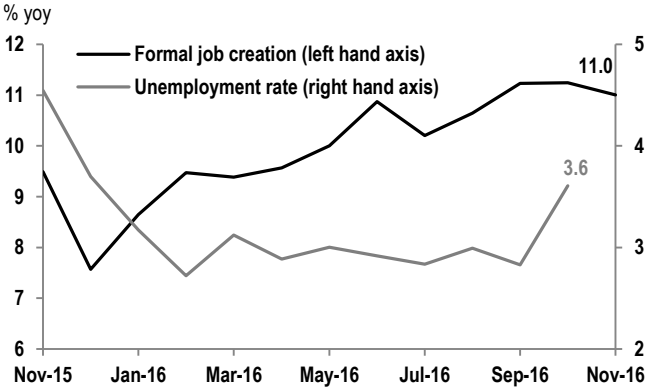
Other states that outperformed the national average were Baja California Sur (8.5%), Querétaro (7.8%), Aguascalientes and Sinaloa with 7% yoy, as seen in the next table.

States with the highest formal job creation: November 2016

	% annual	Jan-Nov, '16
National	4.1	1,051,808
Quintana Roo	11.0	45,141
Baja California Sur	8.5	18,387
Querétaro	7.8	48,123
Aguascalientes	7.0	23,436
Sinaloa	7.0	27,828

Source: Banorte-Ixe; MoL

Quintana Roo's labor market



Source: Banorte-Ixe; MoL

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