

Formal Employment – 38.2 thousand new jobs were created in July

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- **Job creation (July): 38,164 new formal jobs (vs. 22,060 in July '16)**
- **We highlight the job creation in the first seven months of the year, which reached a new maximum since 2000**
- **Permanent jobs amounted to 26.4 thousand positions, while temporary jobs decreased by 11.7 thousand jobs**
- **By sectors, employment in the industrial sector increased by 41.8 thousand new jobs during the period in question, while the services sector added 18.8 thousand positions**
- **In addition, the agricultural sector lost 22.5 thousand jobs**
- **Looking ahead we expect moderate job creation growth**
- **Quintana Roo showed the highest growth in formal job creation during a month since Nov'16 (10.9% yoy)**

New formal jobs amounted to 38.2 thousand jobs in July (vs. 22.1 thousand in July'16). This figure implies a creation of 26,433 permanent jobs (labor contracts made for an indefinite period of time), along with an increase of 11,731 temporary jobs. Within this context, we highlight job creation growth in the first seven months of the year reached a new maximum since the year 2000.

By sectors, employment in the industrial sector increased by 41,803 jobs during the period in question, while the services sector added 18,829 new positions. In the manufacturing sub-sector 19,366 jobs were created during the month. Meanwhile, construction added 18,829 positions. We believe that the surge in manufacturing jobs seen in the past few months is driven by a higher flow of exports, since firms are discounting possible trade barriers in the coming months, so probably growth will moderate as uncertainty decreases.

Within the services sector, we highlight the increase of 22,468 jobs in the commerce sub-sector. Moreover 26,967 positions were created in the personal, firms, and household's services. However, 41,172 workers lost their employment in the social and community services sub-sector. We continue to observe that the formal job creation in the services sector continues to be driven by the business and commercial sector.

In addition, we highlight the loss of 22,468 jobs in the agricultural sector, in line with the losses seen in the previous year. It is worth noting that this loss is explained by the agricultural cycle, which needs less labor during the month of June.

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Formal job creation: July 2017

	Jul-17	Jul-16	% yoy	Jan-Jul, '17	Jan-Jul, '16
Total	38,164	22,060	73.0	555,598	464,098
Permanent jobs	26,433	21,869	20.9	443,916	401,636
Temporary jobs	11,731	191	6,041.9	111,682	62,462
City workers	18,974	7,290	160.3	174,911	128,941
Farmworkers	-7,243	-7,099	2.0	-63,229	-66,479
Monthly formal job creation by economic sector					
Primary activities	-22,468	-12,979	73.1	-65,405	-56,833
Industrial activity	41,803	33,727	23.9	395,519	300,359
Mining	690	91	658.2	7,493	348
Manufacturing	19,366	23,246	-16.7	258,039	193,125
Construction	18,112	8,594	110.8	129,238	106,457
Utilities	3,635	1,796	102.4	749	429
Services	18,829	1,312	1,335.1	225,484	220,572
Trade	27,020	17,985	50.2	37,677	57,933
Communications and transportation	6,014	1,888	218.5	42,909	31,022
Personal, firms, and household's services	26,967	34,586	-22.0	125,669	136,362
Social and community services	-41,172	-53,147	-22.5	19,229	-4,745

Source: Ministry of Labor

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 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.

At a regional level

Quintana Roo showed the highest growth in formal job creation during a month since Nov'16 (10.9% yoy). In July, Quintana Roo stands out as the state with the highest growth of formal employment (10.9% yoy), the highest growth observed at a national level since Nov'16. Year-to-date, this figure was 6.4pp higher than the national average. Within this context, Quintana Roo generated a total of 38,682 formal jobs than in the same period of 2016. Just in July 6,256 jobs were generated in the entity (60% were permanent jobs).

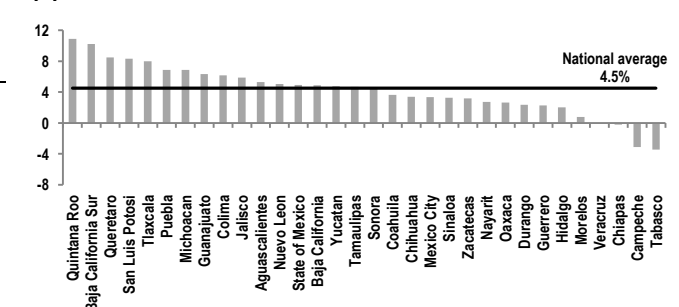
Other states that outperformed the national average were Baja California Sur (10.2%), Queretaro (8.5%), San Luis Potosi (8.3%), and Tlaxcala with 8% yoy, as seen in the next table.

States with the highest formal job creation: July 2017

	Insured workers (thousands)	% yoy	Job creation	
			Jul-17	Jan-Jul, '17
National	19,172	4.5	38,164	555,598
Quintana Roo	412	10.9	6,256	38,682
Baja California Sur	167	10.2	-1,028	10,987
Queretaro	542	8.5	1,116	34,761
San Luis Potosi	417	8.3	1,176	21,999
Tlaxcala	96	8.0	171	4,829

Source: Banorte; MoL

Formal job creation – July 2017



Source: Banorte-Ixe; MoL

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