

## Wage negotiations – Salaries increase 3.9% in April

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- **The Ministry of Labor just published the contractual wage negotiation figures for April**
- **Wage negotiations (April) 3.9%; Banorte-Ixe: 4.4%; previous: 4.7%**
- **Salaries in the private sector rose 4.7%, although in the public sector they only increased 3.1%**
- **We highlight the 4.6% increase in the services sector, particularly the 4.5% in the transportation and communication sub-sector**
- **Looking ahead, we expect higher increases in salaries after the rise in the minimum wage and the pickup in inflation**
- **The State of Mexico stands out as the federal entity with the highest number of workers with wage increases**

**Wages increased 3.9% in April.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During April, 174,899 workers negotiated an average increase of 3.9% (Banorte-Ixe: 4.4%). So far this year, the average for wages negotiated reached 4.4%, in line with the same period in 2016. We also highlight that 815,380 workers have benefitted from an increase in the past 4 months, 42,884 more than in the same period for 2016.

In the private sector, wage increases averaged 4.7% for 86,901 workers, while 87,998 employees in the public sector received an average increase of 3.1%, as seen in the table below.

### Contractual wage negotiations

Nominal, %yoy	Apr-17	Mar-17	Jan-Apr, 17	Jan-Apr, 16
<b>Total</b>	<b>3.9</b>	<b>4.7</b>	<b>4.4</b>	<b>4.4</b>
Public	3.1	3.1	3.1	3.2
Private	4.7	4.7	4.7	4.5

### Number of workers

<b>Total</b>	<b>174,899</b>	<b>260,956</b>	<b>815,380</b>	<b>772,496</b>
Public	87,998	3,806	160,295	69,807
Private	86,901	257,150	655,085	702,689

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

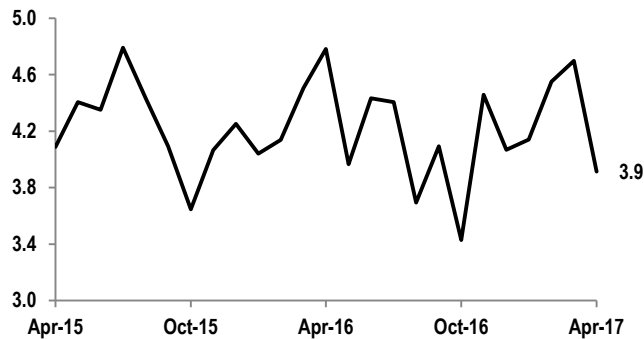
<b>Total</b>	<b>21.4</b>	<b>32.0</b>
Public	54.9	2.4
Private	13.3	39.3

Source: Ministry of Labor

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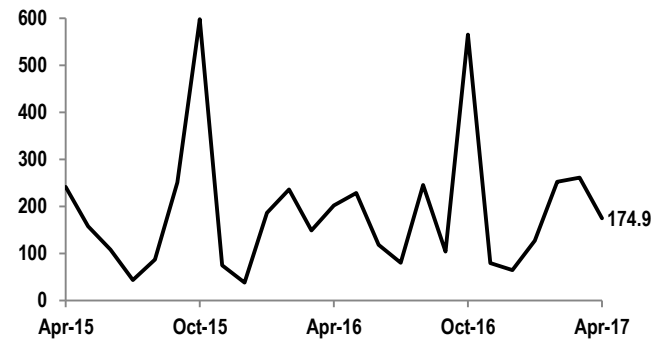
### Contractual wage negotiations

% yoy, nominal



### Workers receiving a wage increase

thousands



Source: Ministry of Labor, Banorte-Ixe

**Wages in the industrial sector increased 3.8%, benefitting the most workers out of any sector.** Taking a look at the breakdown, we highlight the average increase of 4.8% to 56,682 workers of the manufacturing sub-sector, while in the mining sub-category 1,175 employees received an average increase of 6.4%. Moreover, 88,044 workers of the utilities sector received an average raise of 3.1%, mainly driven by the wage negotiation of the Government’s electricity company.

**Services sector posted a 4.6% average increase.** Within the sector, wage negotiations in the transportation, storage and communications sub-sector benefitted the most workers (12,241 employees), while the “others” sub-sector showed the highest average increase (6.3% y/y).

### Contractual wage negotiations by sector

	April 2017		Jan-Apr, 17		Jan-Apr, 16	
<b>Industrial</b>	<b>3.8</b>	<b>145,931</b>	<b>4.6</b>	<b>450,711</b>	<b>4.5</b>	<b>339,232</b>
Mining	6.4	1,175	5.5	19,395	5.4	8,855
Manufacturing	4.8	56,682	5.0	342,122	4.5	328,975
Construction	4.2	30	4.2	967	4.3	1,081
Utilities	3.1	88,044	3.1	88,227	3.6	321
<b>Services</b>	<b>4.6</b>	<b>28,948</b>	<b>4.1</b>	<b>360,999</b>	<b>4.3</b>	<b>428,795</b>
Commerce	4.4	8,030	4.3	79,154	6.1	80,452
Transport, storage and communications	4.5	12,241	4.2	118,816	3.9	164,166
Financial and real estate services	4.0	5,035	4.3	63,110	4.0	80,867
Other	6.3	3,642	3.7	99,919	3.6	103,310
<b>Agricultural</b>	<b>13.6</b>	<b>20</b>	<b>4.9</b>	<b>3,670</b>	<b>4.2</b>	<b>4,469</b>

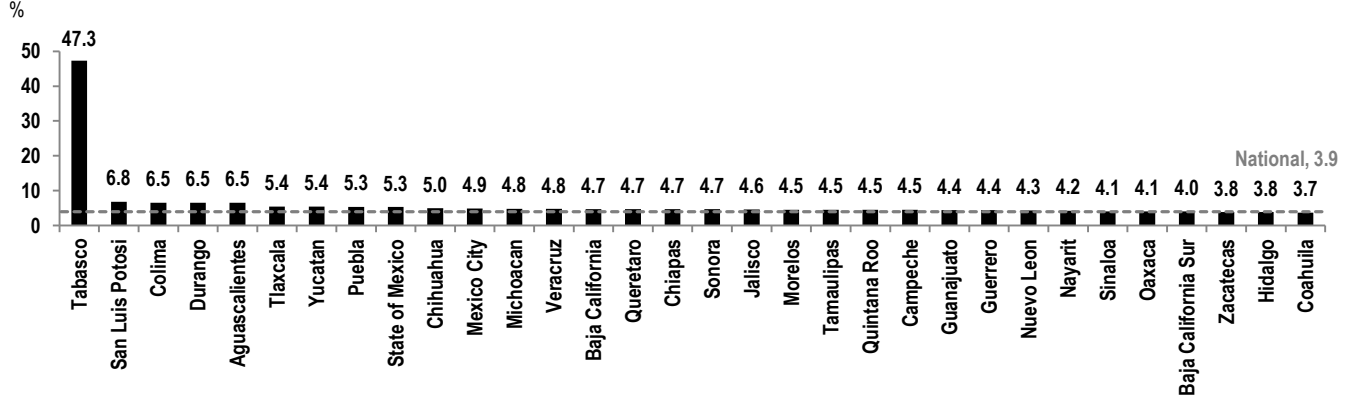
Source: Ministry of Labor

**We expect higher increases in salaries in the coming month.** We consider that the increase in the minimum wage, as well as higher inflation, will continue to have a significant impact on the salary increase dynamic in the coming months, particularly in the private sector.

From our regional economist

**The State of Mexico stands out as the federal entity with the highest number of workers with wage increases.** In April, 29 of the 32 states in Mexico showed an increase in their wage negotiations, above or in line with the 3.9% weighted average, as shown in table below.

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



Source: Banorte-Ixe; Ministry of Labor

The State of Mexico stands out as the entity with the highest number of workers that benefited from wage revisions during April (13,604 workers). In this context, wage negotiations in this federal entity increased 5.3%, as shown in the following table. However, the state of Tabasco showed the lowest number of workers benefiting from wage negotiations, achieving a 47.3% increase in their salary. Year-to-date, 651 workers in the state have seen their salary increase by an average of 6%, as shown in the right table. Further down, the states of San Luis Potosi (6.8%), Colima, Durango, and Aguascalientes (6.5%), also had firms that increased wages for their workers well above the national average.

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

	Year-to-date			Higher and lower contractual wage negotiations			Year-to-date		
	Workers	%	Workers	Jan-Apr, '17	% oya	Workers	Jan-Apr, '17	Workers	
<b>National</b>	<b>174,899</b>	<b>3.9</b>	<b>4.4</b>	<b>815,380</b>	<b>3.9</b>	<b>174,899</b>	<b>3,208</b>	<b>815,380</b>	
State of Mexico	13,604	5.3	5.0	58,313	47.3	5	6	651	
Guanajuato	7,115	4.4	5.2	44,551	6.8	636	39	10,987	
Jalisco	6,825	4.6	4.8	19,553	6.5	182	15	1,755	
Morelos	4,635	4.5	4.6	4,491	6.5	492	14	2,159	
Mexico City	3,064	4.9	4.8	30,204	6.5	528	30	5,877	
Zacatecas	190	3.8	5.1	8,146	4.1	389	18	2,846	
Colima	182	6.5	5.8	1,755	4.0	265	9	831	
Sinaloa	172	4.1	4.7	4,104	3.8	190	20	8,146	
Nayarit	18	4.2	4.6	479	3.8	300	52	4,646	
Tabasco	5	47.3	4.8	651	3.7	2,223	57	18,126	

Source: Banorte-Ixe; Ministry of Labor

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