

## Increase in the monthly formal employment dynamic

- **Job creation (May): 26,742 new formal jobs (vs. 20,334 in May '16)**
- **Permanent jobs amounted to 64,388 jobs, while temporary positions decreased by 37,646 jobs**
- **By sectors, employment in the industrial sector increased by 53,782 new jobs during the period in question, while the services sector added 19,069 positions**
- **In addition, the agricultural sector lost 46,109 jobs**
- **Looking ahead we expect moderate job creation growth**
- **Quintana Roo lead the creation of formal jobs in May (9.5% yoy)**

**New formal jobs amounted to 26.7 thousand jobs in May (vs. 20,334 in May '16).** This figure implies a creation of 64,388 permanent jobs (labor contracts made for an indefinite period of time), along with a loss of 37,646 temporary jobs.

By sectors, employment in the industrial sector increased by 53,782 jobs during the period in question, while the services sector added 19,069 new positions. In the manufacturing sub-sector 28,666 jobs were created during the month. Meanwhile, construction added 24,662 jobs. 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 10,612 jobs in the communications and transportation sub-sector. Moreover, 10,133 positions were added in the commerce 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 46,109 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 May.

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**Formal job creation: May 2017**

	May-17	May-16	Jan-May, '17	Jan-May, '16
<b>Total</b>	<b>26,742</b>	<b>20,334</b>	<b>431,201</b>	<b>373,769</b>
<b>Permanent jobs</b>	<b>64,388</b>	<b>55,022</b>	<b>318,665</b>	<b>285,103</b>
<b>Temporary jobs</b>	<b>-37,646</b>	<b>-34,688</b>	<b>112,536</b>	<b>88,666</b>
City workers	11,480	3,950	136,942	111,298
Farmworkers	-49,126	-38,638	-24,406	-22,632
<b>Monthly formal job creation by economic sector</b>				
<b>Primary activities</b>	<b>-46,109</b>	<b>-41,270</b>	<b>-12,316</b>	<b>-7,795</b>
<b>Industrial activity</b>	<b>53,782</b>	<b>35,497</b>	<b>292,545</b>	<b>224,508</b>
Mining	999	326	6,208	-94
Manufacturing	28,666	22,630	202,014	145,335
Construction	24,662	13,321	85,728	80,750
Utilities	-545	-780	-1,405	-1,483
<b>Services</b>	<b>19,069</b>	<b>26,107</b>	<b>150,972</b>	<b>157,056</b>
Trade	10,133	13,479	-14,874	16,511
Communications and transportation	10,612	3,039	25,502	20,369
Personal, firms, and household's services	-2,179	6,729	69,238	63,907
Social and community services	503	2,860	71,106	56,269

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.

*From our regional economist*

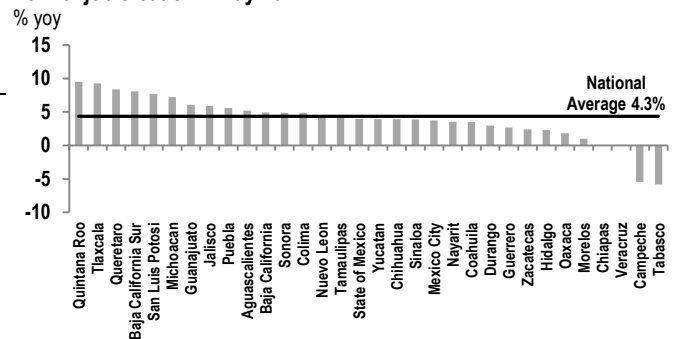
**Quintana Roo leads the creation of formal jobs in May.** For the second consecutive month Quintana Roo stands out as the leader within the rest of the federal entities with the highest growth of formal employment (9.5% yoy), Year-to-date, this figure was 5.2pp higher than the national average. Quintana Roo generated 24,446 more formal jobs than in the same period of 2016. Just in May, 2,908 jobs were generated in the entity (87% were permanent jobs).

Other states that outperformed the national average were Tlaxcala (9.3%), Queretaro (8.4%), Baja California Sur (8.1%), and San Luis Potosi with 7.7% yoy, as seen in the next table.

**States with the highest formal job creation: May 2017**

	Insured workers (thousands)	% yoy	Job creation	
			May-17	Jan-May, '17
<b>National</b>	<b>19,047</b>	<b>4.3</b>	<b>26,742</b>	<b>431,201</b>
Quintana Roo	397	9.5	2,908	24,446
Tlaxcala	95	9.3	481	4,506
Queretaro	536	8.4	2,074	29,399
Baja California Sur	165	8.1	2,397	9,136
San Luis Potosi	416	7.7	2,055	20,860

Source: Banorte-Ixe; MoL

**Formal job creation – May 2017**


Source: Banorte-Ixe; MoL

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