

Wage negotiations – Salaries increase 5.1% in November

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- The Ministry of Labor just published the contractual wage negotiation figures for November
- Wage negotiations (November) 5.1%; Banorte: 4.6%; previous: 3.9%
- Salaries in the private sector rose 5.2%, although in the public sector they only increased 3.5%
- We highlight the 5.5% increase in the industrial sector, particularly in the manufacturing sub-sector
- Looking ahead, we expect higher increases in salaries after the rise in the minimum wage
- Nuevo Leon stands out as the federal entity with the highest number of workers with wage increases

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Wages increased 5.1% in November. Today, the Ministry of Labor published the figures for contractual wage negotiations. During November, 56.7 thousand workers negotiated an average increase of 5.1% (Banorte: 4.6%). So far this year, the average for wages negotiated reached 4.4%; above the 4% seen during the same period in 2016. We also highlight that 2.2 million workers have benefitted from an increase in the past 11 months, 48.2 thousand more than in the same period for 2016.

The wage negotiations during the month were mainly explained by the number of workers in the private sector who got a raise. On average, 51,792 employees got a 5.2% increase in their wages. Moreover, only 4,899 workers in the public sector received an average growth of 3.5%.

Contractual wage negotiations

Nominal, %yoy	Nov-17	Oct-17	Jan-Nov, 17	Jan-Nov, 16
Total	5.1	3.9	4.4	4.0
Public	3.5	3.2	3.2	3.1
Private	5.2	5.9	5.1	4.5

Number of workers

Total	56,691	614,923	2,242,083	2,193,877
Public	4,899	455,000	804,139	827,944
Private	51,792	159,923	1,437,944	1,365,933

Year-to-date's share of workers

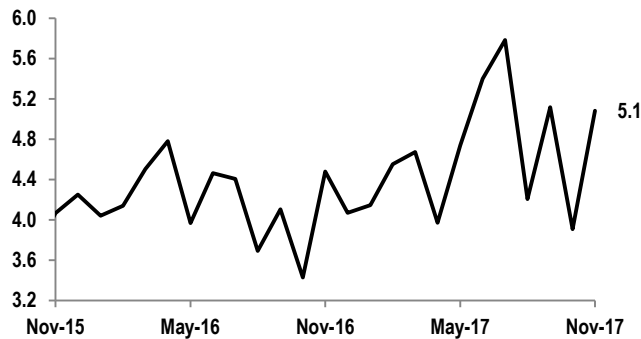
Total	2.5	27.4
Public	0.6	56.6
Private	3.6	11.1

Source: Ministry of Labor

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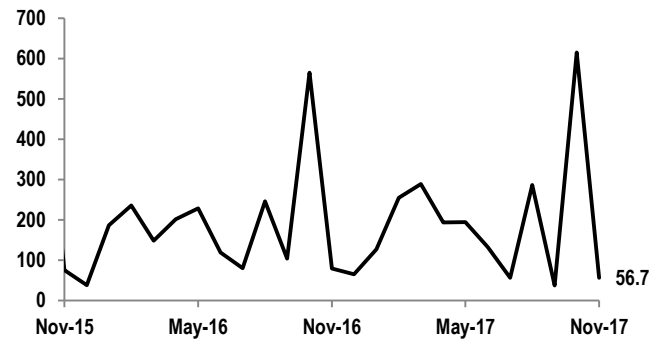
Contractual wage negotiations

% yoy, nominal



Workers receiving a wage increase

thousands



Source: Ministry of Labor, Banorte-Ixe

Wages in the industrial sector increased 5.5%, benefitting the most workers out of any sector. Taking a look at the breakdown, we highlight the average increase of 5.6% to 33,827 workers in the manufacturing sub-sector. Moreover, it is worth noting the increase seen in the utilities sector amounting to 6.2%, benefitting 386 employees.

Services sector posted a 4.3% average increase. Within the sector, wage negotiations in the transportation, storage and communications sub-sector posted the highest average increase reaching 4.9%, while benefitting 8,900 workers. On the other hand, the commerce subsector furthered 4.6% the wages of 6,172 employees.

Contractual wage negotiations by sector

Breakdown by sector	November 2017		Jan-Nov, 17		Jan-Nov, 16	
	%	Workers	%	Workers	%	Workers
Industrial	5.5	35,705	4.8	1,070,169	4.2	1,034,611
Mining	3.5	1,483	3.6	198,436	3.4	186,149
Manufacturing	5.6	33,827	5.4	774,109	4.6	750,947
Construction	4.2	9	4.3	2,955	4.3	1,746
Utilities	6.2	386	3.1	94,669	3.2	95,769
Services	4.3	20,965	4.0	1,164,093	3.8	1,149,876
Commerce	4.6	6,172	4.9	131,850	5.9	117,860
Transportation, storage and communications	4.9	5,588	4.5	299,102	4.0	310,381
Financial and real estate services	4.0	1,841	4.2	106,666	4.2	118,246
Other	3.7	7,364	3.5	626,475	3.2	603,389
Agricultural	5.0	21	5.1	7,821	5.0	8,090

Source: Ministry of Labor

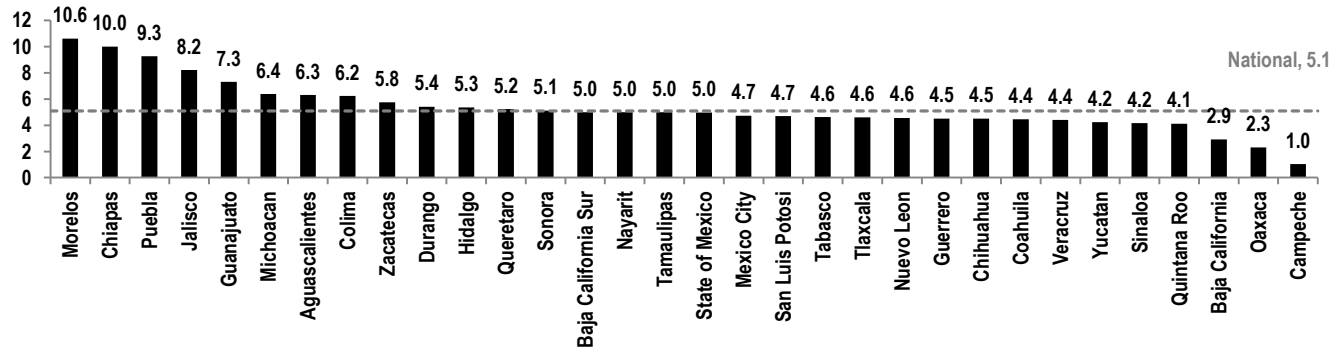
We forecast higher increases in salaries in the coming months. We consider that the impact of the increase in the minimum wage, both the one enacted at the beginning of the year and the one that started on December 1 will continue to put an upward pressure on wage negotiations in the first half of 2018.

At the regional level

Nuevo Leon stands out as the federal entity with the highest number of workers with wage increases. In November, 13 of the 32 states in Mexico showed an increase in their wage negotiations above or in line with the 5.1% weighted average in nominal terms, as shown in table below.

Contractual wage negotiations by federal entity: November 2017

% in nominal terms



Source: Banorte-Ixe; Ministry of Labor

Nuevo Leon stands out as the entity with the highest number of workers that benefited from wage revisions during November (9,809 workers), the highest number of the last 6 months. In this context, wage negotiations in this entity increased 4.6%, as shown in the following table. Year-to-date, 58,197 workers have furthered their wage by an average of 4.7%. However, Morelos, Baja California Sur, Chiapas, Guerrero and Nayarit showed the lowest number of workers with wage negotiations in November.

On the other hand, Morelos stands out as the entity with the highest wage increase in the month (+10.6%), being the highest salary increase observed since March 2016. However, this raise only benefited 14 workers. Year-to-date, 4,376 workers in the state have seen their salary increase by an average of 4.7%, as shown in the right table. Further down, the states of Chiapas (10%), Puebla (9.3%), Jalisco (8.2%), and Guanajuato (7.3%), also had firms that furthered wages for their workers above the national average, as shown in the right table.

Higher and lower workers with contractual wage negotiations

	Year-to-date				Higher and lower contractual wage negotiations				
	Workers	%	Workers	Jan-Nov, '17	% oya	Workers	Jan-Nov, '17	Workers	Year-to-date
National	40,910	5.1	4.4	751,245	National	5.1	40,910	5,615	751,245
Nuevo Leon	9,809	4.6	4.7	58,197	Morelos	10.6	14	91	4,376
State of Mexico	6,937	5.0	4.9	116,898	Chiapas	10.0	23	74	8,390
Jalisco	5,738	8.2	5.7	42,277	Puebla	9.3	501	239	36,058
Mexico City	2,966	4.7	4.8	62,140	Jalisco	8.2	5,738	295	42,277
Aguascalientes	1,864	6.3	7.0	17,225	Guanajuato	7.3	1,323	333	89,786
Nayarit	30	5.0	4.6	1,077	Sinaloa	4.2	94	85	6,750
Guerrero	25	4.5	4.8	3,587	Quintana Roo	4.1	41	31	3,060
Chiapas	23	10.0	5.5	8,390	Baja California	2.9	526	113	20,917
Baja California Sur	21	5.0	5.0	1,436	Oaxaca	2.3	751	78	2,846
Morelos	14	10.6	4.7	4,376	Campeche	1.0	117	23	799

Source: Banorte-Ixe; Ministry of Labor

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