

## Formal employment – Job creation moderated at the start of 2H16

- **Job creation (jul): 22,060 new formal jobs (vs. 44,691 in the same period last year)**
- **By sectors, employment in the services sector increased in 1,312 jobs during the period in question, while the industrial sector added 33,727 new jobs**
- **Nevertheless, the agricultural sector subtracted 12,979 jobs**
- **We expect job creation to moderate in the second half of the year**
- **In the first seven months of the year, Quintana Roo maintains the first place in the creation of formal jobs**

**Job creation of 22,060 in July.** According to the figures of the Mexican Institute of Social Security (IMSS) this figure compares negatively with the 44,691 jobs created in the same period last year. This figure implies an increase of 21,869 permanent jobs, along with a 191 addition in temp-jobs. Year-to-date, 90,329 jobs were created, from which 116,533 are permanent while temp-jobs were reduced in 26,204 jobs.

**By sectors, employment in the services sector increased by 1,312 jobs, while in the industrial sector 33,727 jobs were added.** In the manufacturing sector, 23,246 jobs were added during the period in question. In the meantime, in the construction, utilities and mining sectors, employment expanded by 8,594, 1,796 and 91, respectively. Within the services sector, jobs in the corporate and household services sub-sector was the one with the largest job creation, adding 34,586 jobs, followed by commerce, which added 17,985 jobs. Finally, agricultural activities subtracted 12,979 jobs, as shown in the table below.

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**Formal job creation by sector: July 2016**

	Jul-16	Jul-15	Jan-Jul,' 2016	Jan-Jul,' 2015
<b>Total</b>	<b>22,060</b>	<b>44,691</b>	<b>90,329</b>	<b>123,126</b>
Permanent jobs	21,869	41,079	116,533	125,119
Temporary jobs	191	3,612	-26,204	-1,993
Urban workers	7,290	10,272	17,643	34,258
Farmworkers	-7,099	-6,660	-43,847	-36,251
<b>By economic sector</b>				
<b>Primary activities</b>	<b>-12,979</b>	<b>-8,452</b>	<b>-49,038</b>	<b>-35,910</b>
<b>Industrial activity</b>	<b>33,727</b>	<b>44,349</b>	<b>75,851</b>	<b>96,011</b>
Mining	91	-163	442	-277
Manufactures	23,246	22,536	47,790	45,057
Construction	8,594	20,412	25,707	49,788
Utilities	1,796	1,564	1,912	1,443
<b>Services</b>	<b>1,312</b>	<b>8,794</b>	<b>63,516</b>	<b>63,025</b>
Trade	17,985	15,349	41,422	33,786
Communications and transportation	1,888	5,341	10,653	11,737
Personal, firms, and household's services	34,586	33,195	72,455	69,581
Social and community services	-53,147	-45,091	-61,014	-52,079

Source: Ministry of Labor

**Despite the favorable performance of the formal labor market in the first six months of the year, we believe that it will moderate in the second half of the year.** Employment within the services has shown a favorable performance, adding 219,260 new jobs in 1H16, which suggests that the rate of growth of domestic demand remains relatively stable. However, as we mentioned in our consumer confidence flash, we expect a deceleration in the Mexican labor market during the third quarter of the year on the back of the spending cuts announced by the Federal Government back in May. This will translate into a lower rate of job creation, particularly within the construction sector, limited by a reduction in the levels of public investment.

*From our regional economist*

**In the first seven months of the year, Quintana Roo maintains the first place in the creation of formal jobs.** Quintana Roo stands again as the entity that achieved the highest growth of formal employment (10.2%), with the creation of 30,077 new jobs. Just in July, the entity outperformed the national average achieving the creation of 3,087 formal jobs. Other states that outperformed the national average were Baja California Sur and Aguascalientes (7.8%), Querétaro (7.5%), and Sinaloa with 6.4% yoy. Taking a look at the breakdown, the total of formal jobs created were short-term jobs, while 413 permanent jobs were lost.

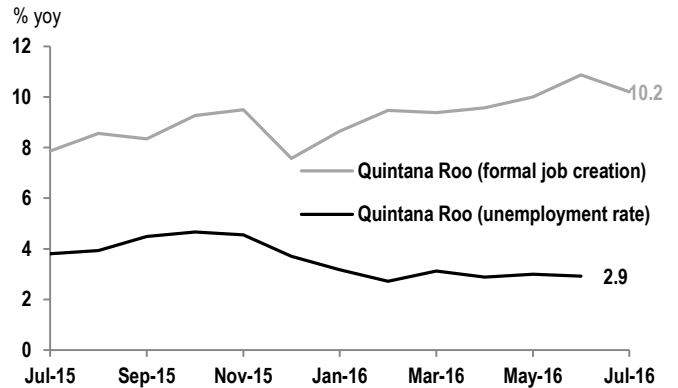
Development policies implemented in “2011-2016 Quintana Roo’s Plan”, had shown a remarkable economic growth in the entity particularly in the labor market. Moreover, the start of summer vacation season has allowed the persistence of high levels in job creation and the declining in the unemployment rate within the entity. In this regard, we believe that in coming months, we will continue to see significant gains in formal employment that will highlight the favorable situation of the entity.

**States with the highest formal job creation: July 2016**

	Jul-16	% annual	Jan-Jul, '16
<b>National</b>	<b>22,060</b>	<b>3.6</b>	<b>464,098</b>
Quintana Roo	3,087	10.2	30,077
Baja California Sur	160	7.8	7,308
Aguascalientes	211	7.8	14,328
Querétaro	927	7.5	28,630
Sinaloa	3,684	6.4	-13,288

Source: Banorte-Ixe; MoL

**Quintana Roo's labor market**



Source: Banorte-Ixe; MoL

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