

Wage negotiations – Salaries increase 4.7% in March

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- **The Ministry of Labor just published the contractual wage negotiation figures for March**
- **Wage negotiations (March) 4.7%; Banorte-Ixe: 4.8%; previous: 4.6%**
- **Salaries in the private sector rose 4.7%, although in the public sector they only increased 3.1%**
- **We highlight the 5% increase in the industrial sector, particularly the 5.7% in the mining sub-sector**
- **Looking ahead, we expect higher increases in salaries after the rise in the minimum wage and the pickup in inflation**
- **Guanajuato stands out as the federal entity with the highest number of workers with wage increases**

Wages increased 4.7% in March. Today, the Ministry of Labor published the figures for contractual wage negotiations. During March, 249,902 workers negotiated an average increase of 4.7% (Banorte-Ixe: 4.8%). So far this year, the average for wages negotiated reached 4.5% vs. 4.2% for the same period in 2016. We also highlight that 628,297 workers have benefitted from an increase in the past 3 months, 57,618 more than in the same period for 2016.

In the private sector, wage increases averaged 4.7% for 246,096 workers, while 3,806 employees in the public sector received an average increase of 3.1%, as seen in the table below.

Contractual wage negotiations

Nominal, %yoy	Mar-17	Feb-17	Jan-Mar, 17	Jan-Mar, 16
Total	4.7	4.6	4.5	4.2
Public	3.1	3.2	3.1	3.2
Private	4.7	4.7	4.7	4.3

Number of workers

Total	249,902	251,308	628,297	570,679
Public	3,806	22,492	72,243	67,401
Private	246,096	228,816	556,054	503,278

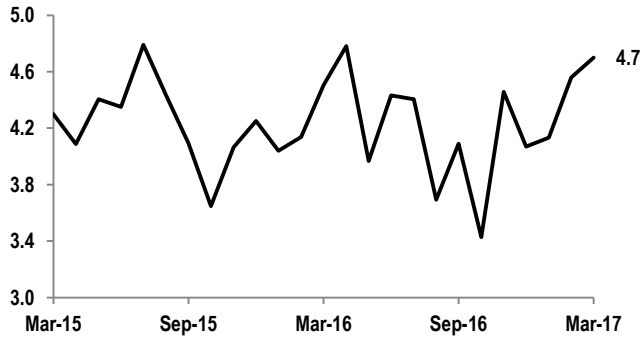
Year-to-date's share of workers

Total	39.8	40.0
Public	5.3	31.1
Private	44.3	41.1

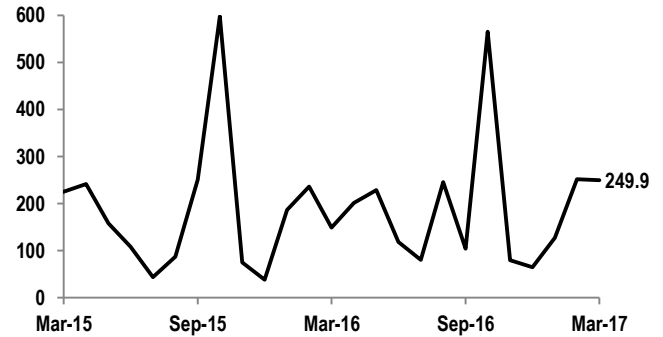
Source: Ministry of Labor

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Contractual wage negotiations
% yoy, nominal



Workers receiving a wage increase
thousands



Source: Ministry of Labor, Banorte-ixe

5% increase in the industrial sector, benefitting the most workers out of any sector. Within the sector, we highlight the average increase of 5% to 135,952 workers of the manufacturing sub-sector, while in the mining sub-category 7,424 employees received an average increase of 5.7%.

Services sector posted a 4.3% average increase. Taking a look at the breakdown, wage negotiations in the commerce sub-sector benefitted the most workers (32,685 employees), while the “others” sub-sector showed the highest average increase (4.7% y/y).

Negotiations in the agricultural sector grew below the overall average. During the third month of the year, 1,288 agricultural workers negotiated an average wage increase of 4.9%, below the overall average.

Contractual wage negotiations by sector

	March 2017		Jan-Mar, 17		Jan-Mar, 16	
	%yoy	Workers	%yoy	Workers	%yoy	Workers
Total	4.7	249,902	4.5	628,297	4.2	570,679
Public	3.1	3,806	3.1	72,243	3.2	67,401
Private	4.7	246,096	4.7	556,054	4.3	503,278
Breakdown by sector						
Industrial	5.0	144,185	5.1	297,698	4.5	238,950
Mining	5.7	7,424	5.4	18,220	5.6	6,055
Manufacturing	5.0	135,952	5.0	278,358	4.4	231,693
Construction	4.2	767	4.2	937	4.3	1,013
Utilities	3.2	42	3.2	183	3.3	189
Services	4.3	104,429	4.0	326,949	4.0	328,044
Commerce	4.2	32,685	4.3	70,945	4.6	63,961
Transport, storage and communications	3.8	24,793	4.2	104,334	4.0	114,794
Financial and real estate services	4.4	20,655	4.3	55,547	4.1	62,130
Other	4.7	26,296	3.6	96,123	3.5	87,159
Agricultural	4.2	1,288	4.9	3,650	4.2	3,685

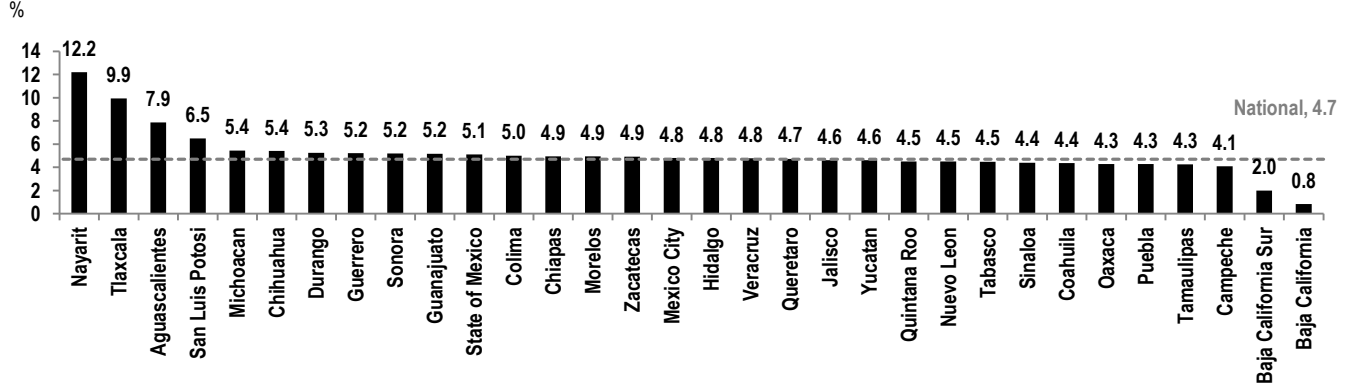
Source: Ministry of Labor

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

Guanajuato stands out as the federal entity with the highest number of workers with wage increases. In the third month of 2017, 19 of the 32 states in Mexico showed an increase in their wage revisions above or in line with the 4.7% weighted average, as shown in table below.

Contractual wage negotiations by federal entity: March 2017



Source: Banorte-Ixe; Ministry of Labor

Guanajuato stands out as the federal entity with the highest number of workers that benefited from wage revisions during March (24,016 workers). In this context, wage negotiations in this federal entity increased 5.2% as shown in the following table. However, the state of Campeche showed the lowest number of workers benefiting from wage negotiations, achieving a 4.1% increase in their salary.

Nayarit stands out as the entity with the highest wage increase (+12.2%), although it only benefited 30 workers. Year-to-date, 461 workers in the state have seen their salary increase by an average of 4.6%, as shown in the right table. Further down, the state of Tlaxcala (9.9%), Aguascalientes (7.9%), San Luis Potosi (6.5%), and Michoacán (5.4%) 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					
	Workers	%	Workers	Jan-Mar, '17	% oya	Workers	Jan-Mar, '17	Workers	
National	249,902	4.7	628,297	4.5	4.7	249,902	4.5	628,297	
Guanajuato	24,016	5.2	37,206	5.4	Nayarit	30	4.6	461	
State of Mexico	19,113	5.1	42,365	4.9	Tlaxcala	2,118	6.5	5,649	
Nuevo Leon	15,665	4.5	22,494	4.4	Aguascalientes	855	9.1	5,349	
Mexico City	11,807	4.8	26,952	4.8	San Luis Potosi	8,465	6.2	9,797	
San Luis Potosi	8,465	6.5	9,797	6.2	Michoacán	3,000	5.4	4,285	
Sinaloa	115	4.4	3,932	4.7	Puebla	2,662	4.4	6,830	
Baja California Sur	47	2.0	566	4.1	Tamaulipas	1,138	6.8	4,191	
Nayarit	30	12.2	461	4.6	Campeche	10	4.7	66	
Colima	26	5.0	1,573	5.7	Baja California Sur	47	4.1	566	
Campeche	10	4.1	66	4.7	Baja California	4,126	1.8	5,725	

Source: Banorte-Ixe; Ministry of Labor

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