

Wage negotiations – Salary increases reach 4.6% in February

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- The Ministry of Labor just published the contractual wage negotiation figures for February
- Wage negotiations (February) 4.6%; Banorte-Ixe: 4.1%; previous: 4.1%
- Salaries in the private sector rose 4.7%, although in the public sector they only increased 3.2%
- We highlight the 5.1% increase in the industrial sector
- Looking ahead, we expect higher increases in salaries after the rise in the minimum wage and the pickup in inflation
- For the second consecutive month, the State of Mexico stands out as the federal entity with the highest number of workers with wage negotiations

Wages increased 4.6% in February. Today, the Ministry of Labor published the figures for contractual wage negotiations. During February, 248,418 workers negotiated an average increase of 4.6% (Banorte-Ixe: 4.1%). So far this year, the average for wages negotiated reached 4.4% vs. 4.1% for the same period in 2016.

In the private sector, wage increases averaged 4.7% for 225,926 workers, while 22,492 employees in the public sector received an average increase of 3.2%, as seen in the table below.

Contractual wage negotiations

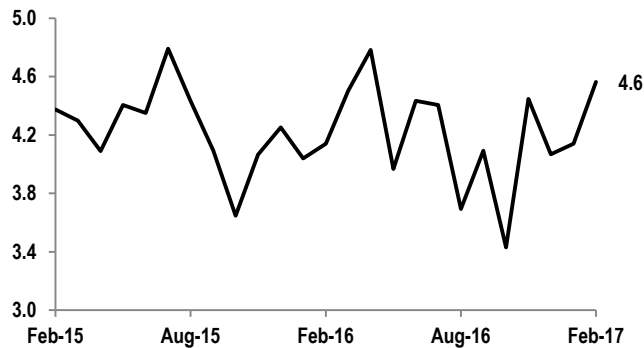
Nominal, %	Feb-17	Jan-17	Jan-Feb, 17	Jan-Feb, 16
Total	4.6	4.1	4.4	4.1
Public	3.2	3.1	3.1	3.2
Private	4.7	4.7	4.7	4.3
Number of workers				
Total	248,418	126,250	374,668	421,959
Public	22,492	45,112	67,604	64,896
Private	225,926	81,138	307,064	357,063
Year-to-date's share of workers				
Total	66.3	33.7		
Public	33.3	66.7		
Private	73.6	26.4		

Source: Ministry of Labor

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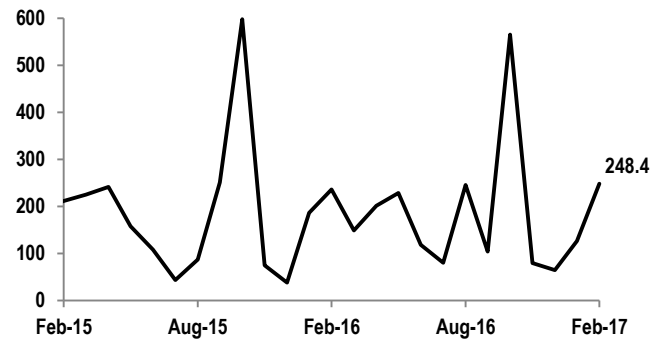
Contractual wage negotiations

% yoy, nominal



Workers receiving a wage increase

thousands



Source: Ministry of Labor, Banorte-Ixe

5.1% increase in the industrial sector. Within the sector, we highlight the average increase of 5.1% to 90,837 workers of the manufacturing sub-sector, while in the mining sub-category 7,152 employees received an average increase of 5.3%.

Services stands out as the sector with the highest number of workers that benefitted from wage revisions. Taking a look at the breakdown, the wage negotiations within transport, storage and communications sub-sector benefitted the most workers (70,540 employees), while the commerce sub-sector showed the highest average increase (4.5% y/y).

Negotiations in the agricultural sector continue to grow above the average. During the second month of the year, 640 agricultural workers negotiated an average wage increase of 5.5%, above the overall average.

Contractual wage negotiations by sector

	February 2017		Jan-Feb, 17		Jan-Feb, 16	
	%	Workers	%	Workers	%	Workers
Industrial	5.1	98,161	5.1	151,215	4.5	165,614
Mining	5.3	7,152	5.3	10,691	5.6	4,789
Manufacturing	5.1	90,837	5.1	140,213	4.5	159,633
Construction	4.2	152	4.1	170	4.3	1,003
Utilities	3.2	20	3.3	141	3.3	189
Services	4.2	149,617	3.9	221,091	3.8	253,469
Commerce	4.5	30,344	4.3	38,260	4.0	50,687
Transport, storage and communications	4.4	70,540	4.3	79,280	4.0	100,034
Financial and real estate services	4.2	27,166	4.2	34,907	4.1	31,338
Other	3.4	21,567	3.2	68,644	3.3	71,410
Agricultural	5.5	640	5.2	2,362	4.3	2,876

Source: Ministry of Labor

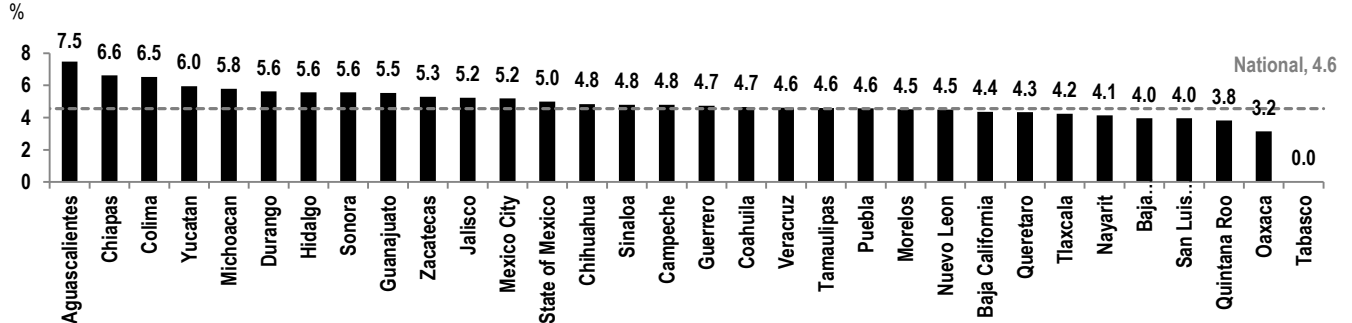
We expect higher increases in salaries in the coming month. We consider that the increase in the minimum wage, as well as higher inflation, will have a significant impact on the salary increase dynamic in the coming months, particularly in the private sector.

From our regional economist

For the second consecutive month, the State of Mexico stands out as the federal entity with the highest number of workers with wage negotiations.

In the second month of 2017, 21 of the 32 states in Mexico showed an increase in their wages above or in line with the 4.6% weighted average, as shown in table below.

Contractual wage negotiations by federal entity: February 2017



Source: Banorte-Ixe; Ministry of Labor

For the second consecutive month, the State of Mexico stands out as the federal entity with the highest number of workers that benefited from wage revisions during February (12,199 workers). In this regard, wage negotiations in this federal entity increased 4.6%, as shown in the following table. In addition, workers in the states of Tabasco didn't had wage negotiations also for the second consecutive month.

Moreover, Aguascalientes stands out as the entity with the highest wage increase (+7.5%) for the second consecutive month. However, it only benefited 3,335 workers. Further down, the state of Chiapas (6.6%), Colima (6.5%), Yucatan (6%), and Michoacan (5.8%) 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	%	Jan-Feb, '17	Workers	% oya	Workers	Jan-Feb, '17	Workers	
National	248,418	4.6	4.4	374,668	4.6	248,418	1,361	374,668	
State of Mexico	12,199	5.0	4.8	22,993	Aguascalientes	7.5	14	4,494	
Coahuila	10,195	4.7	4.6	11,709	Chiapas	6.6	7	774	
Mexico City	7,158	5.2	4.8	15,104	Colima	6.5	12	1,547	
Jalisco	6,997	5.2	5.2	8,165	Yucatan	6.0	9	1,037	
Guanajuato	6,693	5.5	5.9	12,554	Michoacan	5.8	17	1,285	
Nayarit	140	4.1	4.0	431	Baja California Sur	4.0	4	519	
Yucatan	107	6.0	5.0	1,037	San Luis Potosi	4.0	12	1,332	
Campeche	56	4.8	4.8	56	Quintana Roo	3.8	2	183	
Quintana Roo	183	3.8	3.8	183	Oaxaca	3.2	5	78	
Tabasco	--	--	--	0	Tabasco	--	0	0	

Source: Banorte-Ixe; Ministry of Labor

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