

## Formal employment – Services and manufactures generated the most new formal jobs in 2015

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- **Formal employment (December): 303,714 jobs were lost; above the 235,490 formal jobs lost in Dec'14**
- **However, we highlight that the reduction in jobs in December is simply explained by a seasonal effect**
- **Year-to-date, 644,446 new jobs were created in 2015, which is slightly below the 714,526 new jobs generated in 2014**
- **Baja California Sur, end's the year with the best annual rate in the creation of formal jobs**
- **We believe that the formal labor market will continue to maintain a very favorable performance in 2016**

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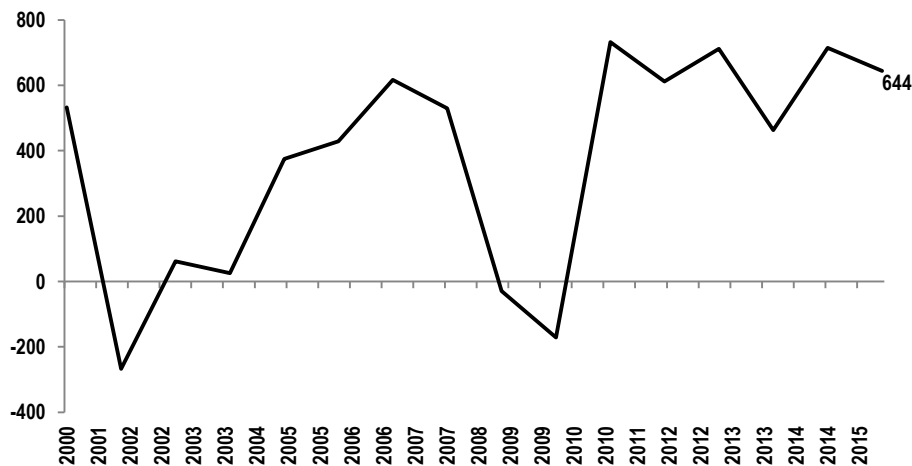
### Regional and Sectorial

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**According to the Ministry of Labor, 303,714 formal jobs were lost in December.** We highlight that it was the largest decline in jobs for a December month since 2008. From this figure, 166,485 were permanent jobs lost, while 137,229 temporary jobs were reduced. However, we highlight that the reduction in jobs in December is explained by a seasonal effect, given that most firms take advantage of the end of the year to renew its workforce, or many temporary work contracts expire in December. Year-to-date, 644,446 new jobs were created in 2015, which is slightly below the 714,526 new jobs generated in 2014. Moreover, in the last year 92.9% of the total job creation was permanent (labor contracts made for an indefinite period of time), as shown in the table on the next page.

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**Formal job creation**  
Thousands



Source: Banorte-ixe with data from the Ministry of Labor

**Formal job creation by sector: December 2015**

	Dec-15	Dec-14	2015	2014	% of total in 2015
<b>Total</b>	<b>-303,714</b>	<b>-235,490</b>	<b>644,446</b>	<b>714,526</b>	
<b>Permanent jobs</b>	<b>-166,485</b>	<b>-127,955</b>	<b>598,537</b>	<b>532,297</b>	<b>92.9</b>
<b>Temporary jobs</b>	<b>-137,229</b>	<b>-107,535</b>	<b>45,909</b>	<b>182,229</b>	<b>7.1</b>
City workers	-154,012	-132,198	34,823	164,179	5.4
Farmworkers	16,783	24,663	11,086	18,050	1.7
<b>Monthly formal job creation by economic sector</b>					
<b>Primary activities</b>	<b>15,949</b>	<b>22,888</b>	<b>36,610</b>	<b>30,451</b>	<b>5.7</b>
<b>Industrial activity</b>	<b>-207,884</b>	<b>-166,369</b>	<b>262,654</b>	<b>338,299</b>	<b>40.8</b>
Mining	-3,525	-3,402	-5,833	-8,021	-0.9
Manufactures	-88,926	-77,112	227,247	212,318	35.3
Construction	-116,172	-87,240	41,838	135,869	6.5
Utilities	739	1,385	-598	-1,867	-0.1
<b>Services</b>	<b>-111,779</b>	<b>-92,009</b>	<b>345,182</b>	<b>345,776</b>	<b>53.6</b>
Trade	-26,442	-23,673	120,079	102,970	18.6
Communications and transportation	-1,862	-6,041	51,043	46,515	7.9
Personal, firms, and household's services	-27,856	-17,203	155,627	148,538	24.1
Social and community services	-55,619	-45,092	18,433	47,753	2.9

Source: Ministry of Labor

**By sector, services led the new formal jobs in 2015.** In 2015, services generated 53.6% of the total job creation, while the industrial sector contributed to 40.8% and the primary activities with 5.7%, as shown in the table above.

**We believe that the formal labor market will continue to maintain a very favorable performance in 2016.** Employment in the manufacturing sector continues to grow given that in 2015 this sector generated 227,247 new jobs, vs. 2212,318 new jobs in 2014. Moreover, employment within the services has shown a favorable performance, adding 345,182 new jobs last year. All of the above mentioned factors imply that the pace of growth in domestic demand has remained relatively stable. Looking ahead, we believe that the better growth prospects of Mexico's labor market will result in a higher growth of the Mexican private consumption.

*From our regional economy team*

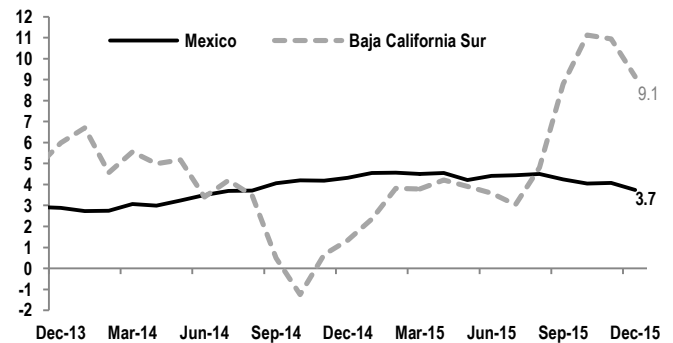
**Baja California Sur, end's the year with the best annual rate in the creation of formal jobs.** Baja California Sur stands out as the entity that achieved the highest growth of formal employment during 2015 (9.1%). Other states that outperformed the national average were Quintana Roo (7.6%), which for the fourth consecutive month stands at position number 2, Sinaloa (6.3%), Chihuahua (6.2%), and Querétaro with 5.9%yoy. Year to date, Baja California Sur generated a total of 12,096 new jobs, 10,336 more than those generated in the same period last year where only 1,760 were created.

**States with the highest formal job creation: December 2015**

	% yoy	Jan-Dec, '15	Jan-Dec, '14
<b>Mexico</b>	<b>3.7</b>	<b>644,446</b>	<b>714,526</b>
Baja California Sur	9.1	12,096	1,760
Quintana Roo	7.6	24,012	20,320
Sinaloa	6.3	29,182	19,442
Chihuahua	6.2	46,962	39,253
Querétaro	5.9	26,354	24,235

Source: Banorte-Ixe; MoL

**Formal employment: México vs. Baja California Sur**  
% yoy



Source: Banorte-Ixe; MoL

We believe that the higher growth in formal employment within Baja California Sur during 2015, is explained by the significant recovery derived from the latest investment projects after multiple climatic factors that affected the region throughout the year.

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