

## Wage negotiations – Salaries increase 5.8% in July

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- **The Ministry of Labor just published the contractual wage negotiation figures for July**
- **Wage negotiations (July) 5.8%; Banorte-Ixe: 3.9%; previous: 5.4%**
- **Salaries in the private sector rose 5.8%, although in the public sector they only increased 3.6%**
- **We highlight the 6.2% increase in the industrial sector, particularly in the manufacturing sub-sector**
- **Looking ahead, we expect marginally lower increases in salaries after the rise in the minimum wage and the pickup in inflation**

**Wages increased 5.8% in July.** Today, the Ministry of Labor published the figures for contractual wage negotiations. During July 55.6 thousand workers negotiated an average increase of 5.8% yoy (Banorte-Ixe: 3.9%). So far this year, the average for wages negotiated reached 4.6% yoy, above the 4.3% seen during the same period in 2016. We also highlight that 1.2 million workers have benefitted from an increase in the past 7 months, 45.1 thousand more than in the same period for 2016.

In the private sector, wage increases averaged 5.8% for 55,453 workers, while 120 employees in the public sector received an average increase of 3.6%, as seen in the table below.

### Contractual wage negotiations

Nominal, %yoy	Jul-17	Jun-17	Jan-Jul, 17	Jan-Jul, 16
<b>Total</b>	<b>5.8</b>	<b>5.4</b>	<b>4.6</b>	<b>4.3</b>
Public	3.6	3.5	3.1	3.2
Private	5.8	5.5	4.9	4.5

### Number of workers

<b>Total</b>	<b>55,573</b>	<b>131,600</b>	<b>1,244,709</b>	<b>1,199,635</b>
Public	120	6,663	184,794	186,896
Private	55,453	124,937	1,059,915	1,012,739

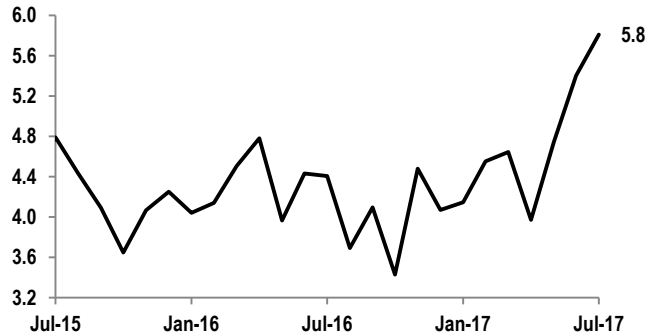
### Year-to-date's share of workers

<b>Total</b>	<b>4.5</b>	<b>10.6</b>
Public	0.1	3.6
Private	5.2	11.8

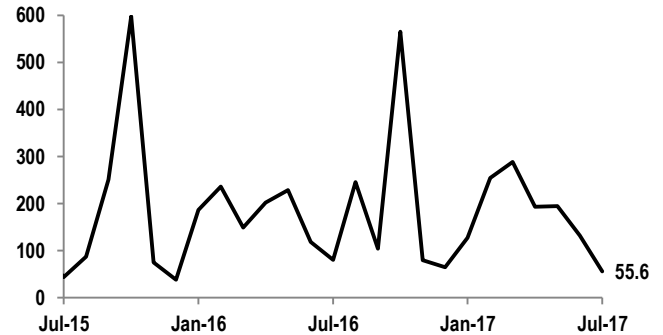
Source: Ministry of Labor

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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 6.2%, benefitting the most workers out of any sector.** Taking a look at the breakdown, we highlight the average increase of 6.2% to 34,795 workers of the manufacturing sub-sector, while in the mining sub-category 776 employees received an average increase of 6.8%. Moreover, 221 workers in the utilities sector received an average raise of 6.5%.

**Services sector posted a 5.1% average increase.** Within the sector, wage negotiations in the transportation, storage and communications sub-sector benefitted the most workers (9,795 employees) Moreover, the “other services” sector posted the highest average increase amounting to 5.9%, favoring 20,472 employees.

**Contractual wage negotiations by sector**

	July 2017		Jan-Jul, 17		Jan-Jul, 16	
	%yoy	Workers	%yoy	Workers	%yoy	Workers
<b>Industrial</b>	<b>6.2</b>	<b>36,197</b>	<b>5.0</b>	<b>651,048</b>	<b>4.3</b>	<b>636,643</b>
Mining	6.8	776	5.5	29,393	5.2	15,023
Manufacturing	6.2	34,795	5.2	526,580	4.5	525,744
Construction	4.6	415	4.3	2,213	4.3	1,685
Utilities	6.5	211	3.1	92,862	3.2	94,191
<b>Services</b>	<b>5.1</b>	<b>19,269</b>	<b>4.2</b>	<b>588,278</b>	<b>4.3</b>	<b>557,883</b>
Commerce	5.4	3,988	4.4	105,699	5.9	102,324
Transport, storage and communications	4.8	9,795	4.2	242,515	4.0	230,488
Financial and real estate services	4.1	880	4.2	95,804	4.0	99,989
Other	5.9	4,606	4.2	144,260	3.6	125,082
<b>Agricultural</b>	<b>4.3</b>	<b>107</b>	<b>5.2</b>	<b>5,383</b>	<b>4.3</b>	<b>5,109</b>

Source: Ministry of Labor

**We forecast marginally lower increases in salaries in the coming month.** We consider that the impact of the increase in the minimum wage, as well as higher inflation will moderate in the coming months. We expect this to happen due to the convergence of inflation expectations towards Banxico’s target, as shown in the consumer confidence survey.

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