

Economic Analysis

In September 2014 formal employment registered a higher annual growth rate (4.1%), than the one of the previous month (3.1%).

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In September 2014 the total amount of new formal workers registered in IMSS amounted to 156,432 persons.

Total formal employment increased by more than 671 thousand workers from September 2013 to September 2014

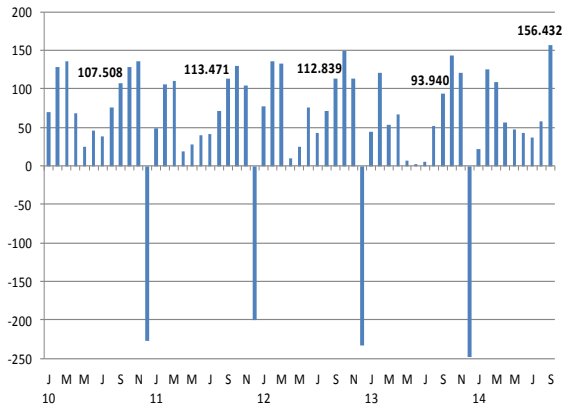
The Mexican Social Security Institute (IMSS) reported that in September 2014 the number of new works that were affiliated to social security amounted to 156,432 persons. IMSS also reported that 44% of this figure corresponded to new workers that hold a temporary labor contract (68,830 workers) and the remaining 56% (87,602 persons) had a permanent labor contract. Note that the amount of new workers of September 2014 is higher than the one that has been registered in the same month from 2010 to 2013, as shown in figure 1. Note that the total number of workers affiliated to IMSS represents the most significant part of formal labor in Mexico.

We consider that the important amount of temporary workers of September 2014 of 68,830 persons is too high when compared to the average this data has shown from 2010 to 2013 for the same month, which is of 30,609 persons. It is possible that this difference in temporary formal employment has to do with a substantial increase in employment in the construction industry as well as in the agricultural sector. In relation to the construction sector note that this activity has just started to give signs of improving its growth rate as a consequence of the increased spending of the public sector in infrastructure projects.

On the other hand, the monthly increase of 87,602 permanent workers in September also looks high if the recent development of moderate growth of the economic activity is considered. Note also that official agencies have a campaign directed to allow that a higher proportion of informal workers become part of the formal labor market by being affiliated to the Mexican Social Security Institute. If this is point is happening, then it is an issue that helps to explain the important monthly increase in formal permanent employment in IMSS of September.

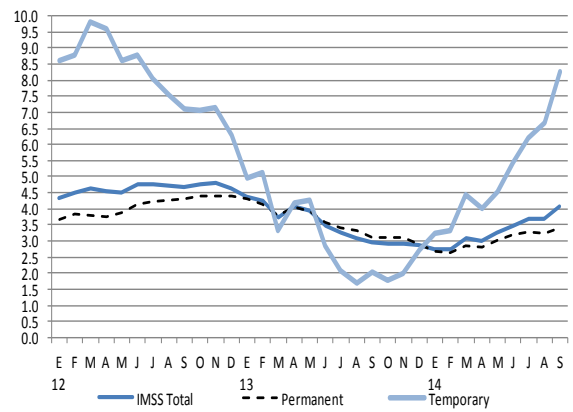
The data of new formal employment of September is important because it may be one of the first signals that the Mexican economy may be starting in a gradual manner to grow at a faster pace.

Figure 1
Monthly increase in the number of formal workers affiliated to IMSS
(Figures in thousands of persons)



Source: BBVA Research with data of INEGI. The data that appears in the figure corresponds to the monthly increase in formal employment in September of each year.

Figure 2
Number of workers affiliated to IMSS: Total, permanent and temporary workers
(Annual rate of growth, %)



Source: BBVA Research with data of INEGI.

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