

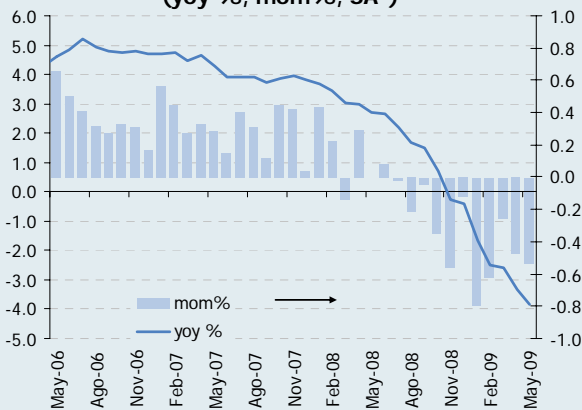


Economic Activity Observatory

Flu epidemic interrupted period of lowest levels of decline in formal employment

- In May formal employment in the private sector fell by 75 thousand period, -0.54% lower in monthly terms in the formal sector, within the forecast range but with a negative trend
- The health emergency took its toll and stopped the change in trend towards a lower level of decline that was recorded in previous months on the formal job market. The monthly drop, 0.5% in seasonally-adjusted terms, is the worst rate since last February.
- The reduction in formal employment was closely linked to the tourism sector and the main companies hit by the flu outbreak:
 - Out of the 75 thousand jobs lost during the month, almost 30 thousand were in tourism-related activities (40% of the total). These figures do not include informal employment in this activity
 - The states that recorded the biggest monthly falls were Quintana Roo, Guerrero, BCS and Nayarit, with -8.1%, -2.3%, -1.9% and -1.6% respectively. In absolute terms, Mexico City lost eight thousand jobs during the month, equivalent to -0.3%.
- Although in annual terms the manufacturing sector is feeling the most job losses last month services accounted for most of the change (-45 thousand).
- **Outlook:** in the short term the job market will continue to experience the negative impact of lower demand due to the flu outbreak, especially in tourism-related activities. However, the most recent data from some subsectors such as hotels display a gradual recovery in occupancy levels, which points to a relatively quick absorption of the negative effects of the epidemic on the job market.

Total Private Employment
(yoy %, mom%, SA¹)



¹ SA with Tramo-Seats
Source: BBVA based on IMSS

Changes in Employment
(IMSS Policy Holders, net creation, May 09)

	May	(Annual change)		Monthly change
	Thousands	April	May	
Total	13,774.5	-484.9	-563.9	-75.3
Agriculture	347.0	-5.3	-4.7	-1.6
Manufacturing sector	4,829.0	-526.1	-536.9	-28.4
Mining	97.0	4.6	2.7	0.3
Transformation	3,461.5	-423.1	-422.7	-25.4
Construction	1,099.0	-114.3	-123.2	-2.3
Electricity	171.5	6.8	6.3	-1.0
Services	8,598.5	46.5	-22.3	-45.3
Trade	2,826.3	-3.7	-14.0	-5.0
Transportation	740.9	-21.1	-26.7	-7.4
Serv p emp and pers	3,290.3	13.9	-34.7	-28.8
Social Serv	1,741.0	57.3	53.1	-4.2

Forecast Evaluation: May
yoy%

	Forecast	Actual	Error / St. Dev.
Total	-3.4	-3.9	-0.7
Agriculture	-0.6	-1.3	-0.4
Manufactures	-10.0	-10.9	-0.9
Construction	-9.8	-10.1	-0.1
Other Industries	4.1	3.5	-1.1
Services	0.2	-0.3	-0.8

Permanent and Temporary City Workers

	Apr-09	May-09
Level May 09		
Thousands	13,849.8	13,774.5
Monthly change		
Thousands	-31.1	-75.3
%	-0.2	-0.5
Annual change		
Thousands	-484.8	-563.9
%	-3.4	-3.9