

## Economic Analysis

## October's 2014 formal employment annual rate of growth (4.2%) was greater than the one of the previous month (4.1%)

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**In October 2014 the total amount of new formal workers registered in IMSS amounted to 172,134 persons**

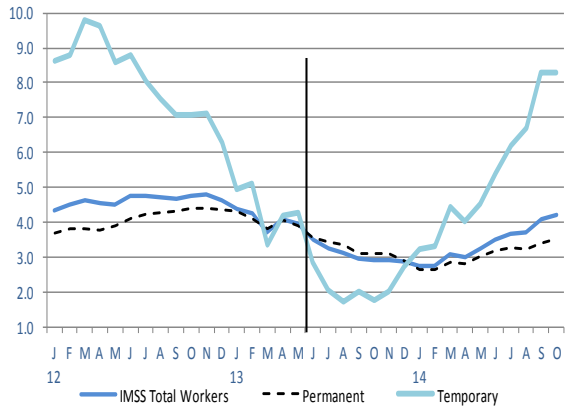
**Registries of total formal employment increased by almost 700 thousand workers from October 2013 to October 2014**

The Mexican Social Security Institute (IMSS) reported that in October 2014 the number of new workers that were affiliated to social security amounted to 172,134 persons. IMSS also reported that 38% of this figure corresponded to new workers that hold a temporary labor contract and the remaining 72% had a permanent labor contract. This increase of the registries of new workers implies that in October 2014 the annual rate of growth of the total number of workers affiliated to IMSS was 4.2%, and this rate was greater than the one of the previous month (4.1%), and it was also greater than the one observed in October 2013 (2.9%).

In relation to the 12 month increase of labor registries in IMSS, the figure from October 2013 to October 2014 was of 699,791 persons, which is the greatest amount of new job positions for a 12 month period since December 2012. In this last month the total number of new the registries of new job positions amounted to 711,708. These figures imply that the dynamic behavior of employment in 2014 is similar to the one of 2012. Note that in 2012 the GDP annual growth rate was of 4% while in 2014 the average annual growth rate of the first two quarters of the year was lower and of 1.7%.

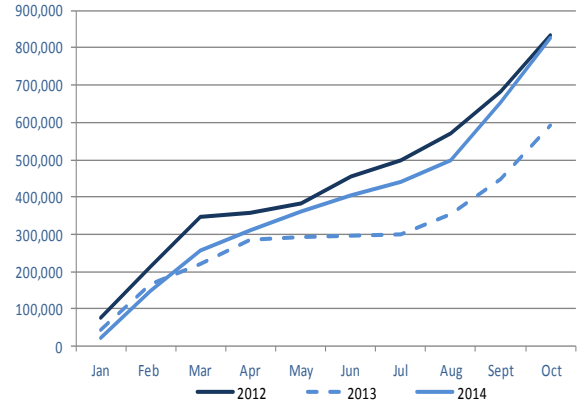
The lower rate of growth of the economic activity of 2014 (1.7%) does not explain the high rate of growth of the total number of registries of new workers in IMSS of October (4.2%). In this sense, part of the explanation of why formal employment has grown at high rates while activity grew at a lower one has to do with the impact of the formalization program of informal jobs (or jobs without social security) that the labor authorities started to implement since July 2013. Until this formalization program continues the total number of registries in IMSS will continue to grow in an independent way as to what happens with economic activity.

Figure 1  
**Monthly increase in the number of registries of total formal workers affiliated to IMSS (Annual rate of growth, %)**



Source: BBVA Research with data of INEGI.

Figure 2  
**Accumulated monthly increase of the registries of total new workers affiliated to IMSS (Figures in number of persons)**



Source: BBVA Research with data of INEGI.

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