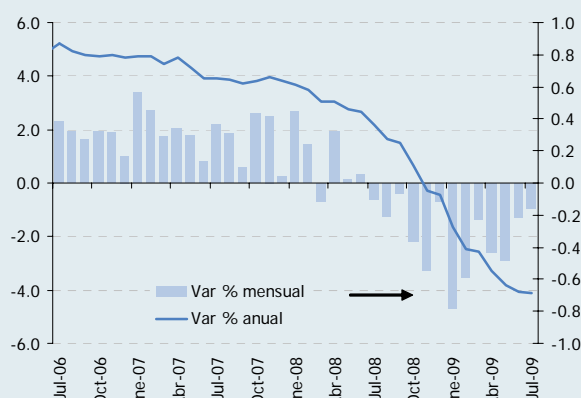


July shows positive trend in private formal employment, although a return to pre-crisis levels will take several months. Annual fall in July: -4.1%

- Almost in line with our forecast (-4.0%), the change in total private formal employment was -4.1% in annual terms in July. Although regarding the original series that the IMSS reported the monthly change was slightly positive (0.1%), which in number of workers is around 14 thousand, having considered the effect of seasonality estimated using our method, the monthly change is closer to zero. This represents a pause in the rate of job losses.
- It is worth noting that, as regards the branches of employment, manufacturing was in line with expectations and construction and services fell slightly short. Employment in the manufacturing sector has been the worst hit by the US recession, with annual falls of 10.3% on average during the first seven months of the year (-1.2% in the same period in 2008). The published data hints at a seasonally-adjusted monthly change of around zero in services. We therefore expect the start of a recovery in this sector. Employment in the industrial sector excluding construction and manufacturing (mining and water supply) performed slightly better than forecast.
- It should be noted that from the highest level in terms of number of people registered with Social Security (regarding the seasonally-adjusted series) which was recorded in May, down to the current figures, around 600 thousand jobs have been lost. This will mean that, like the trend in economic activity, there will be several months to come with negative yoy changes in job creation before we see a return to the levels reached last year.

Formal Private Employment
(% y/y & m/m, SA)



Source: BBVA with IMSS data

Annual Employment Evolution

(Net creation, thousands, July 09)

	July Thous.	yoy%		m/m%
		June	July	
Total	13,808.0	-596.2	-593.9	14.3
Agriculture	349.3	-3.9	15.3	2.1
Industry	4,839.4	-532.2	-529.0	9.2
Mining	100.2	4.3	3.8	1.5
Manufactures	3,444.9	-425.7	-414.3	-1.5
Construction	1,120.3	-116.1	-123.5	6.9
Electrical	174.0	5.4	5.1	2.3
Services	8,619.3	-60.2	-80.2	3.0
Commerce	2,839.3	-16.4	-29.8	10.2
Transports	741.1	-28.1	-30.7	0.0
Business Servs.	3,324.5	-79.7	-83.3	24.0
Social Servs.	1,714.4	64.0	63.6	-31.2

Source: BBVA Bancomer with IMSS data

Forecast Evaluation: July
yoy%

	Forecast	Actual	Error / St. Dev.
Total	-4.0	-4.1	-0.1
Agriculture	3.8	4.6	0.3
Manufactures	-10.8	-10.7	0.0
Construction	-9.7	-9.9	-0.2
Other Industries	2.1	3.3	2.0
Services	-0.7	-0.9	-0.4

Formal Private Employment & Economic Activity
(Index 2003=100)

