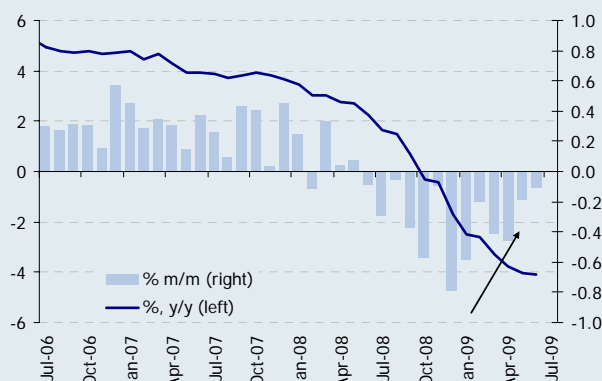


## The slowdown in the rate of formal private employment losses continues

- Formal private employment fell by 3.8% in annual terms in August, which was somewhat lower than expected (-4.2%), continuing the monthly downward trend (seasonally adjusted) of job losses declining since the start of the year. The monthly change in the seasonally adjusted figures is very close to zero, which points to a gradual recovery in formal employment against a background of improving demand.
- By sectors, manufacturing is still the most severely affected sector in terms of accumulated job losses, although the August change was slightly better than expected (-9.7% y-o-y compared to -11%); there have now been 20 consecutive monthly falls in seasonally adjusted terms (something not seen since 2001), suggesting that the recovery from the crisis -which is now underway- will be relatively lengthy. The situation in the construction industry is similar, although less severe, with 13 consecutive monthly falls in the annual rate; however, in this case there are not yet any signs of improvements in the job loss situation.
- In contrast, the service sector -which accounts for around 62% of formal private sector employment- has now had three consecutive months of lower monthly falls, and recorded a slight positive change over the reference period as a whole, even though it experienced a year-on-year fall of around 1% in August.
- The contraction in employment since the high point of the cycle (around May 2008 on a seasonally adjusted basis) is around 590 thousand jobs, with 390 thousand of these having been lost since the start of 2009; given the moderate growth outlook for the world economy as a whole, we can expect the recovery to earlier levels to be slow. Even so, the August figures can be considered to be positive, as they show increasing demand in the manufacturing and service sectors.

**Formal Private Employment**  
(% y/y and m/m, SA<sup>1</sup>)



1 Seasonally-adjusted with Tramo-Seats  
Source: BBVA with IMSS data

**Forecast Evaluation: August**  
annual % change (accumulated)

	Forecast	Current	Confidence range
Total	-4.2	-3.8	( -3.1 , -4.9 )
Agriculture	8.0	3.4	( 10.2 , 4.9 )
Manufactures	-11.0	-9.7	( -8.9 , -11.6 )
Construction	-9.2	-10.1	( -7.6 , -12.6 )
Other Industries	3.1	2.6	( 3.3 , 2.5 )
Services	-1.2	-0.8	( -0.6 , -1.5 )

**Annual Evolution of Employment**

(IMSS-registered Workers, net creation, thousands, Aug'09)

	August	(Annual change)		Monthly change
	Thousands	July	August	
<b>Total</b>	13,838.9	-593.9	-547.6	30.9
<b>Agriculture</b>	336.1	15.3	11.1	-13.3
<b>Industry</b>	4,862.0	-529.0	-489.9	22.6
Mining	101.1	3.8	2.9	0.8
Manufactures	3,467.3	-414.3	-371.4	22.4
Construction	1,121.3	-123.5	-125.4	1.0
Electrical	172.4	5.1	4.0	-1.6
<b>Services</b>	8,640.9	-80.2	-68.8	21.6
Retail	2,845.8	-29.8	-27.6	6.5
Transportation	738.6	-30.7	-32.9	-2.5
Co. & pers. serv.	3,327.7	-83.3	-64.5	3.2
Social services	1,728.7	63.6	56.3	14.3

Source: BBVA Bancomer with IMSS data

**Formal Private Employment: IMSS**  
(millions of persons)

