

Latam Daily: Mexico—Employment Slowly Recovering and Update on Power Reform Bill

- **Mexico: Employment slowly recovering and Power Reform Bill faces additional legal roadblocks**

MEXICO: EMPLOYMENT SLOWLY RECOVERING AND POWER REFORM BILL FACES ADDITIONAL LEGAL ROADBLOCKS

I. Employment continues to recover at a slow pace

According to data released by the IMSS (the Mexican Institute of Social Security) on Friday, March 12, formal jobs totaled 19.937 mn in February.

This meant that 115,287 jobs were created during the second month of 2021 (chart 1), the lowest amount for a similar month in 10 years and equivalent to a monthly rate of 0.6% m/m. On a 12-month cumulative basis to February, 676,598 jobs were lost (chart 1 again), which implied that employment continued to drop on an annual basis, this time by -3.3% y/y, for a total of eleven consecutive declines.

Of the nine economic sectors reported by the IMSS, only two had a positive annual variation. Business services reported an annual drop of -10.1% y/y, construction with -6.3% y/y, extractive industries -4.6% y/y, commerce with -2.3% y/y, electrical industry with -0.6% y/y, and agriculture and transportation and communications with a drop of -0.5% y/y each. The transformation industry and social services were the only two sectors with slight employment growth rates of 0.4% y/y and 0.03% y/y, respectively.

The number of formal employers affiliated to the Institute (1,000,910) increased by 1,868 businesses, after two consecutive monthly contractions.

The improvement in the number of employers affiliated to social security could have benefited from less restrictions imposed by the state-level epidemiological traffic lights, allowing the re-opening of businesses. However, in an annual comparison, the number of IMSS-affiliated employers edged back for a fifth consecutive month, going from -0.2% y/y to -0.4% y/y.

Finally, the average salary of formal workers was MXN 430 per day (approx. USD 21.0), equivalent to a nominal annual increase of 8.1% y/y.

—Paulina Villanueva

II. Power Reform Bill gets snagged with a second injunction accepted by a judge—the legal battle will continue

On the Power Sector Reform front, we had a second justice accepting three additional stays against the bill, which temporarily suspends its application as the judicial proceedings run their course. Up to now, a total of 20 stays and injunctions have been granted, 14 of them by Economic Competition specialized judge Juan Pablo Gomez Fierro. All 20 stays are temporary, but have broad application, protecting even those companies which have not filed injunctions. President Lopez Obrador said he will fight to ensure the Bill's implementation, going to the Supreme Court if necessary.

—Eduardo Suárez

CONTACTS

Brett House, VP & Deputy Chief Economist
416.863.7463
Scotiabank Economics
brett.house@scotiabank.com

Guillermo Arbe
51.1.211.6052 (Peru)
Scotiabank Peru
guillermo.arbe@scotiabank.com.pe

Sergio Olarte
57.1.745.6300 (Colombia)
Scotiabank Colombia
sergio.olarte@scotiabankcolpatria.com

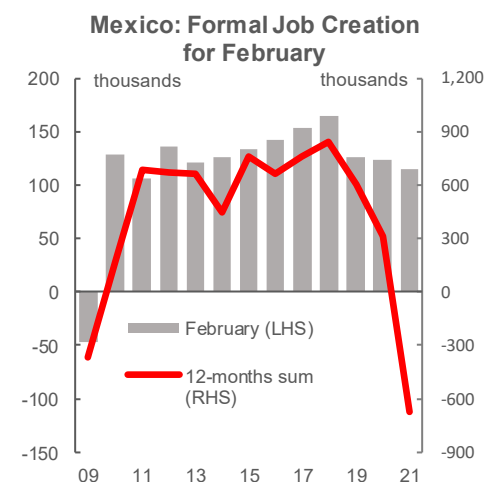
Jorge Selaive
56.2.2619.5435 (Chile)
Scotiabank Chile
jorge.selaive@scotiabank.cl

Eduardo Suárez
52.55.9179.5174 (Mexico)
Scotiabank Mexico
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Paulina Villanueva
52.55.5123.6450 (Mexico)
Scotiabank Mexico
pwillanuevac@scotiabank.com.mx

Chart 1



Sources: Scotiabank Economics, IMSS.

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