

Employment report – Slight increase in March’s unemployment rate

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- **Unemployment rate (March; seasonally adjusted figures): 3.53%; Banorte-Ixe: 3.51%; consensus: 3.52%; previous: 3.47%**
- **Part-time workers: 7.2% (previous: 7.3%); participation rate: 59.8% (previous: 59.5%; seasonally adjusted figures)**
- **Looking ahead, we expect a higher unemployment rate as a result of the uncertainty surrounding the future performance of the Mexican economy**

Slight increase in March’s unemployment rate. According to *INEGI*’s report published today, the unemployment rate stood at 3.53% in March, marginally above our 3.51% estimate (Bloomberg’s median forecast: 3.52%). This number implies a 0.06%-pts expansion from February’s rate. However, the increase in the unemployment rate was largely explained by the higher participation rate (+0.27%-pts m/m), while the part-time workers rate fell to 7.2% from 7.3%, as shown in the table below.

Regarding the informal economy, March’s results were slightly more positive. The percentage of workers who are incorporated in the informal sector represents 27.2% of Mexico’s total workforce, which implies a 0.03%-pts expansion from February’s figure. Finally, the percentage of informal workers (without any contractual obligation) –either in the formal or in the informal economy–, fell 0.33%-pts and now represents 56.9% of the Mexican workforce.

INEGI’s employment report: March 2017

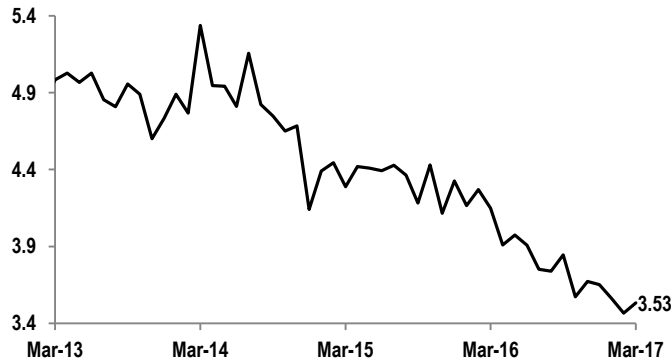
Seasonally adjusted

%	Mar-17	Feb-17	Difference
Unemployment rate	3.53	3.47	-0.06
Participation rate	59.81	59.53	0.28
Part-time workers rate	7.20	7.29	-0.09
Employment in the informal economy	27.24	27.27	-0.03
Informal employment	56.93	57.27	-0.33

Source: INEGI

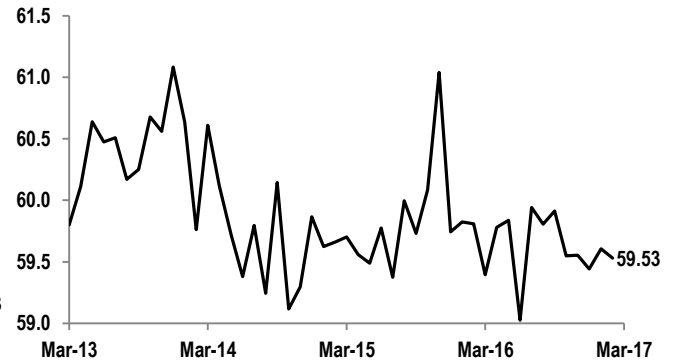
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Unemployment rate
% seasonally adjusted



Source: Banorte-Ixe with data from INEGI

Participation rate
% seasonally adjusted



Source: Banorte-Ixe with data from INEGI

Looking ahead, we expect a higher unemployment rate as a result of the uncertainty surrounding the future performance of the Mexican economy.

We continue to believe that the unemployment rate will marginally increase in the second quarter of the year as a result of: (1) The downward trend in public spending, which has already translated in a higher number of unemployed workers, and has affected private investment projects; and (2) the uncertainty around the possible policies the new administration in the US could implement, which will have a negative impact on the Mexican economy.

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