

Employment report – Decrease in February’s unemployment rate

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- **Unemployment rate (February; seasonally adjusted figures): 3.30%; Banorte: 3.30%; consensus: 3.35%; previous: 3.36%**
- **Part-time workers: 6.62% (previous: 7.74%); participation rate: 59.27% (previous: 59.46%; seasonally adjusted figures)**
- **We consider that the results of this report are positive, given that there is a generalized improvement in the country's employment conditions**
- **Looking ahead, we expect that the unemployment rate will remain at similar levels in the first quarter of the year**

Decrease in the unemployment rate in February. According to *INEGI's* report published today, the unemployment rate stood at 3.3% in February, in line with our forecast (*Bloomberg's* median forecast: 3.35%). This number implies a 0.05%-pts decrease from January's rate.

Moreover, the participation rate stood at 59.27% from 59.46%. Additionally, the part-time workers rate decreased to 6.62% from 6.74%, as shown in the table below. These results, as well as the unemployment rate, point to an overall improvement in the country's labor market.

Regarding the informal economy, February's results show a contraction, given that the percentage of informal workers (without any contractual obligation) –either in the formal or in the informal economy–, now represents 56.27% of the Mexican workforce, which implies a 0.03%-pts fall from last month's figure. Moreover, the percentage of workers who are incorporated in the informal sector represents 27.06% of Mexico's total labor force, which implies a 0.39%-pts reduction from January's revised figures.

INEGI's employment report: February 2018

Seasonally adjusted figures

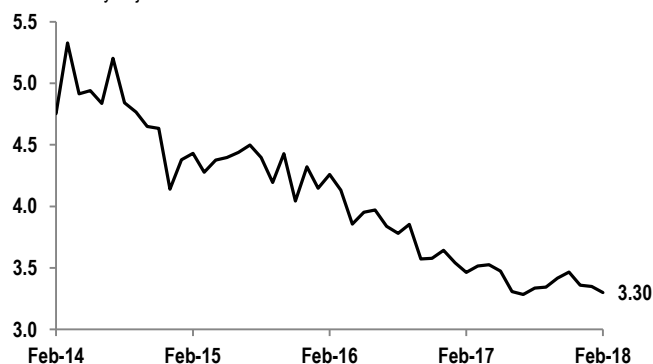
%	Feb-18	Jan-18	Difference
Unemployment rate	3.30	3.35	-0.05
Participation rate	59.27	59.46	-0.19
Part-time workers rate	6.62	6.74	-0.13
Informal employment¹	56.61	56.64	-0.03
Working in the informal economy	27.06	27.45	-0.39
Working in the formal economy	29.55	29.19	0.37

Source: INEGI

¹ Informal employment considers workers not affiliated to the Social Security Institutes (IMSS and ISSSTE) and the armed forces. However, workers in the formal economy do pay some form of income tax

Unemployment rate

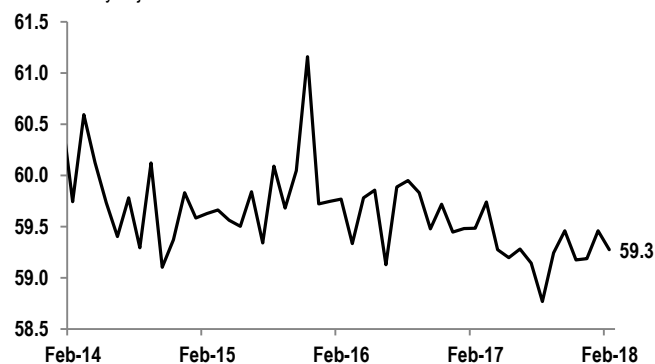
% seasonally adjusted



Source: Banorte with data from INEGI

Participation rate

% seasonally adjusted



Source: Banorte with data from INEGI

Looking ahead, we expect that the unemployment rate will hover around these levels in the first quarter of the year. We believe that unemployment will remain at low levels given the increase in public spending, -stemming from the electoral process-, in the first half of the year. We consider that this effect will be able to compensate for the possible loss of employment that could occur as a result of the slight deceleration that private consumption has presented in the last months. In addition, recent positive developments regarding the renegotiation of NAFTA have surfaced, which we believe could point towards a favorable conclusion, which in turn will positively employment dynamics in the country.

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