

## August's employment report – Significant spike in the participation rate

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- **Unemployment rate (August): 4.68%; Banorte-Ixe: 4.62%; consensus: 4.7% (range of estimates: 4.4% to 4.8%); previous: 4.72%**
- **In seasonally adjusted terms, the unemployment rate stood practically unchanged**
- **However, the participation rate posted a significant 0.82%-pts spike which suggests that Mexico's labor market continues to recover**
- **Looking ahead, we believe that the unemployment rate will remain around current levels**

The unemployment rate stood at 4.68% in August, slightly above our 4.62% estimate (consensus: 4.7%; previous: 4.72%). This number implies a 0.51%-pts. reduction on an annual basis. Moreover, the participation rate increased 0.8%-pts., along with part-time workers rate edging up to 8.37% from 7.65% in August 2014 (refer to the table below).

### INEGI's employment report: August 2015

nsa

%	Aug-15	Aug-14	Jan-Aug, '15
Unemployment rate (EAP)	4.68	5.19	4.41
Participation rate	60.31	59.51	59.62
Part-time workers rate	8.37	7.65	8.23

Source: INEGI

**In seasonally adjusted terms, the unemployment rate posted no significant changes.** Moreover, the participation rate increased 0.82%-pts., while the part-time workers rate edged-up to 8.22% from 8.18% as shown in the table below.

### INEGI's employment report: August 2015

Seasonally adjusted figures

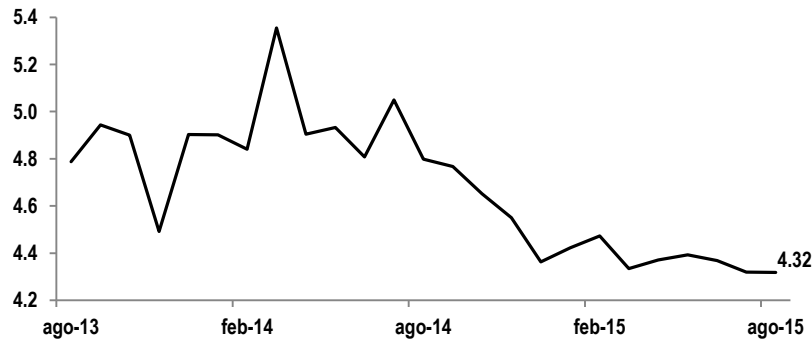
%	Aug-15	Jul-15	Difference
Unemployment rate (EAP)	4.32	4.32	0.00
Participation rate	60.11	59.29	0.82
Part-time workers rate	8.22	8.18	0.03

Source: INEGI

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**Unemployment rate: August 2015**

% sa



Source: INEGI

**We believe that the unemployment rate will remain around current levels.**

We believe that the null movement in the unemployment rate and the significant increase in the participation rate (seasonally-adjusted figures) were partially explained by the better growth dynamics in the Mexican economy. In particular, Mexico's non-farm payroll continues trending up, which suggests that a significant percentage of Mexican workers are entering the labor market given the better growth outlook that prevails.

Looking ahead, we believe that the unemployment rate will probably remain at current levels, given that the initial recovery of the Mexican economy usually translates first in an increase in the participation rate. Moreover, it is likely that Mexico's better growth dynamics will eventually result in a better performance of the labor market.

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