

## Unemployment rate returns to 3.9% in June

- **Unemployment rate sa (June): 3.94%; Banorte-Ixe: 4.07%; consensus: 4.00% (range of estimates: 3.94% to 4.07%); previous: 4.00%**
- **Part-time workers: 7.8% (previous: 8.4%); participation rate: 59.1% (previous: 59.7%; seasonally adjusted figures)**
- **Looking ahead, we believe that the unemployment rate will maintain a downward trend throughout the year**
- **Baja California stands out as the federal entity with the largest reduction in its unemployment rate for the second consecutive month**

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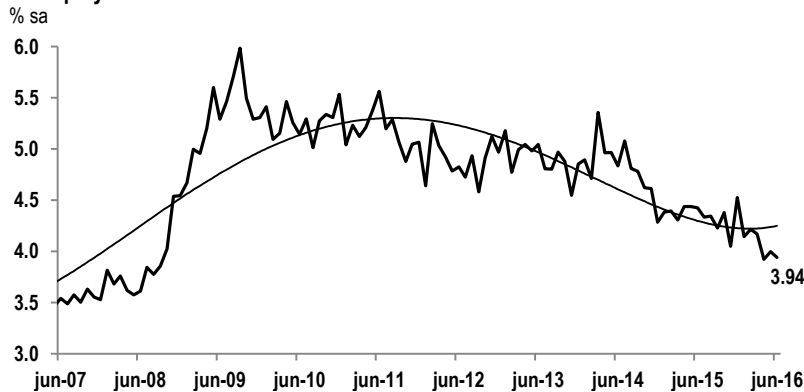
**Marginal drop in unemployment levels.** According to *INEGI's* report published today, the unemployment rate stood at 3.94% in June, below our 4.07% forecast (consensus: 4.00%). This number implies a 0.06%-pts. reduction from May's rate. Moreover, the participation rate and the part-time workers also decreased 0.66%-pts and 0.57%-pts respectively, as shown in the table below.

INEGI's employment report: June 2016

sa			
%	Jun-16	May-16	Difference
Unemployment rate (EAP)	3.94	4.00	-0.06
Participation rate	59.10	59.76	-0.66
Part-time workers rate	7.83	8.41	-0.57

Source: INEGI

Unemployment rate: June 2016



Source: INEGI

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**In our opinion, the unemployment rate will remain around 4% for the remainder of the year.** Looking ahead, we believe that it is quite possible that growth of formal employment will likely moderate in the coming months, on the back of a slowdown in economic activity. Nevertheless, this rates continues to be relatively high vs. the rate of expansion observed in the past.

*From our regional economist*

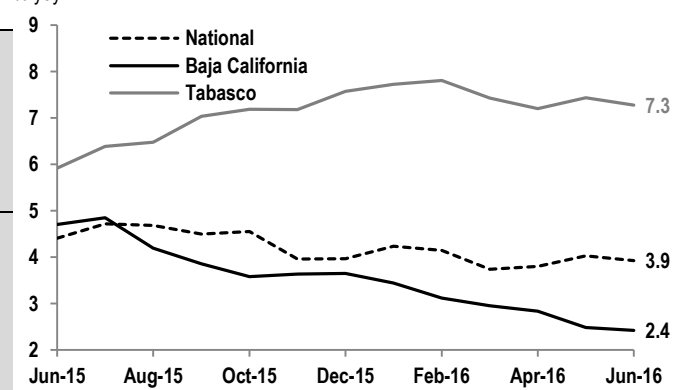
**Baja California stands out as the federal entity with the largest reduction in its unemployment rate for the second consecutive month.** Analyzing the original figures published by *INEGI* (given that the seasonally adjusted figures for the federal entities are highly volatile), we highlight the 2.3pp reduction in the unemployment rate in Baja California during June. With these figures, this entity continued to show better growth dynamics within the labor market than the other 31 states. Moreover, in June, formal employment in this state increased 4.2%, with 32,225 jobs created within the first half of 2016. Moreover, year-to-date, the unemployment rate in this state is below the 3.9% national average. In addition, in Nayarit, Jalisco, Nuevo Leon and Hidalgo, the labor market has improved substantially vs. June 2015 with significant declines in the unemployment rate. However, in Tabasco, Campeche, Zacatecas, Tamaulipas, and Guerrero, the unemployment rate increased from the one observed in June '15, as shown in the following table.

**Unemployment rates by federal entity**  
% yoy

	Jun-16	Jun-15	Jan-Jun, '16	Difference
Baja California	2.4	4.7	2.9	-2.3
Nayarit	4.0	5.9	4.0	-1.9
Jalisco	3.8	5.2	4.1	-1.5
Nuevo León	4.0	5.0	4.1	-1.0
Hidalgo	3.1	4.0	3.4	-0.9
Tabasco	7.3	5.9	7.5	1.4
Campeche	3.4	2.4	3.1	1.0
Zacatecas	3.1	2.7	3.3	0.4
Tamaulipas	4.7	4.5	4.7	0.2
Guerrero	2.2	2.0	2.3	0.1

Source: INEGI

**Unemployment rate**  
% yoy



Source: INEGI

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