

Employment report – Slight increase in September’s unemployment rate

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- **Unemployment rate (September; seasonally adjusted figures): 3.85%; Banorte-Ixe: 3.81%; consensus: 3.73% (range of estimates: 3.6% to 3.9%); previous: 3.74%**
- **Part-time workers: 6.9% (previous: 8.2%); participation rate: 59.9% (previous: 59.8%; seasonally adjusted figures)**
- **Looking ahead, we believe that the unemployment rate will oscillate around current levels**
- **Nayarit stands out as the federal entity with the largest reduction in its unemployment rate for the second consecutive month**

Slight increase in September’s unemployment rate. According to *INEGI’s* report published today, the unemployment rate stood at 3.85% in September, above Bloomberg’s median 3.73% forecast, but similar to our 3.81% estimate. This number implies a 0.11%-pts growth from August’s rate. Moreover, the participation rate increased by 0.11%-pts, while the part-time workers rate fell significantly to 6.9% from 8.2%, as shown in the table below.

Regarding the informal economy, the percentage of workers who are incorporated in the informal sector represents 26.8% of Mexico’s total workforce, which implies a significant 1.2%-pts contraction from August’s figure. Finally, the percentage of informal workers (without any contractual obligation) –either in the formal or in the informal economy–, fell by 1.07%-pts, and now represents 56.9% of the Mexican workforce.

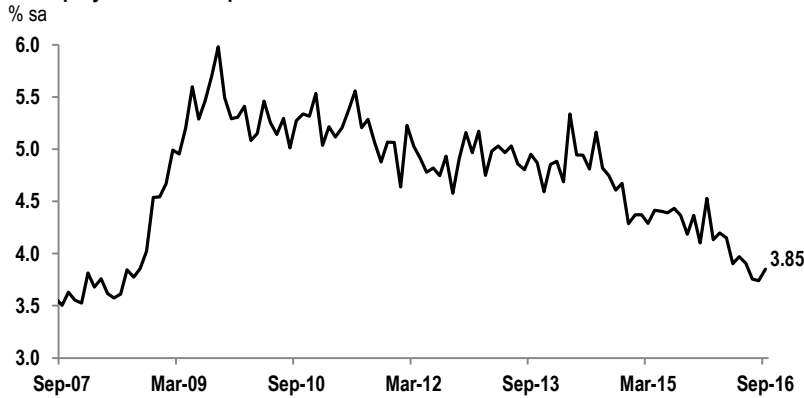
INEGI’s employment report: September 2016

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%	Sep-16	Aug-16	Difference
Unemployment rate (EAP)	3.85	3.74	0.11
Participation rate	59.93	59.82	0.11
Part-time workers rate	6.85	8.21	-1.36
Employment in the informal economy	26.79	28.00	-1.20
Informal employment	56.91	57.98	-1.07

Source: INEGI

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Unemployment rate: September 2016



Source: INEGI

Looking ahead, we believe that the unemployment rate will oscillate around current levels. Today’s employment report suggests a more positive outlook for the Mexican labor market during September, given that although the unemployment rate edged up, the participation rate also increased and the part-time workers rate fell sharply.

However, looking ahead, we believe that the unemployment rate will oscillate around current levels. In particular, the downward trend in public spending has already translated in a higher number of unemployed workers, and has affected private investment projects. In the aggregate, it is likely that the labor market will continue to grow, but at a slower pace given the fiscal cuts that the Federal Government will continue to implement throughout the second half of the year.

From our regional economy team

Nayarit 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 Nayarit’s unemployment rate during September, which stood at 4.5%. With these figures, this entity continues to show better growth dynamics within the labor market than the other 31 states. However, year-to-date the unemployment rate in this state stands at 4.1%, slightly above the 4% national average. In this context, we highlight that the reduction in September’s unemployment rate was accompanied by a 4.2% yoy increase in the job creation within the formal economy.

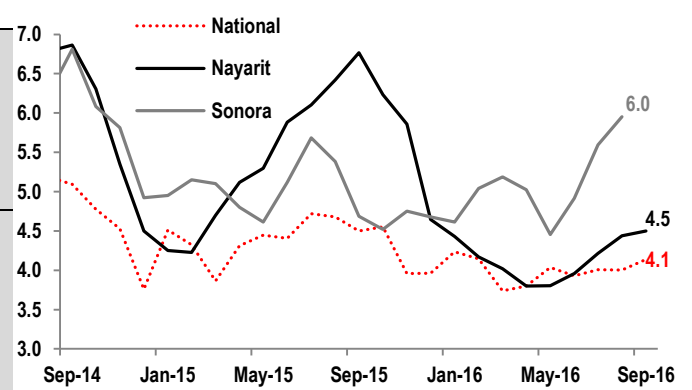
In addition, in Quintana Roo, Oaxaca, Jalisco, and Querétaro, the labor market has improved substantially vs. September 2015 with significant declines in the unemployment rate. However, in Sonora, Campeche, Tabasco, Baja California Sur, and Durango, the unemployment rate increased from the one obtained in September’15, as shown in the following table.

Entities with minor and major changes in the unemployment rate: September-2016
%, nsa

	Sep-16	Sep-15	Jan-Sep, '16	Difference
Nayarit	4.5	6.8	4.1	-2.3
Quintana Roo	2.8	4.5	2.9	-1.7
Oaxaca	2.0	3.7	2.1	-1.6
Jalisco	3.5	5.1	3.9	-1.6
Querétaro	4.1	5.5	4.5	-1.4
Sonora	5.9	4.7	5.2	1.3
Campeche	4.3	3.3	3.5	1.0
Tabasco	8.0	7.0	7.5	0.9
Baja California Sur	5.2	4.8	4.5	0.4
Durango	5.0	4.8	4.6	0.2

Source: INEGI

Entities with minor and major difference in the unemployment rate
%, nsa



Source: INEGI

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