

# September's employment report – Unemployment rate shows the better dynamism of the formal labor market

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- **Unemployment rate (September): 4.5%; Banorte-Ixe: 4.57%; consensus: 4.65% (range of estimates: 4.5% to 4.8%); previous: 4.68%**
- **In seasonally adjusted terms, the unemployment rate decreased 0.09%-pts. to 4.23%**
- **Part-time workers: 8.54% (previous: 8.5%); participation rate: 59.66% (previous: 60.2%; seasonally adjusted figures)**
- **Looking ahead, we believe that the unemployment rate will remain around current levels**
- **On a regional basis, we highlight the improvement in Baja California's unemployment rate**

The unemployment rate stood at **4.5% in September, marginally below our 4.57% estimate (consensus: 4.65%; previous: 4.68%)**. This number implies a 0.59%-pts. reduction on an annual basis. Moreover, the participation rate decreased 0.43%-pts., along with part-time workers rate edging up to 8.86% from 8.35% in September 2014 (refer to the table below).

**INEGI's employment report: September 2015**

nsa

%	Sep-15	Sep-14	Jan-Sep, '15
<b>Unemployment rate (EAP)</b>	4.50	5.09	4.42
<b>Participation rate</b>	59.52	59.95	59.61
<b>Part-time workers rate</b>	8.86	8.35	8.30

Source: INEGI

**In seasonally adjusted terms, the unemployment rate decreased 0.09%-pts. reaching 4.23%**. Moreover, the participation rate decreased 0.59%-pts., while the part-time workers rate marginally edged-up to 8.54% from 8.5% as shown in the table below.

**INEGI's employment report: September 2015**

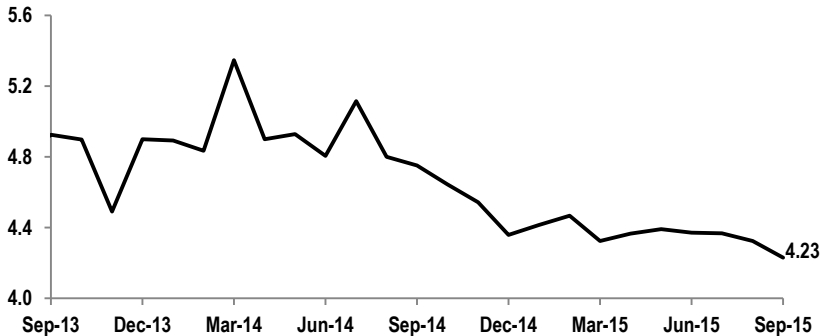
Seasonally adjusted figures

%	Sep-15	Sep-14	Difference
<b>Unemployment rate (EAP)</b>	4.23	4.32	-0.09
<b>Participation rate</b>	59.66	60.25	-0.59
<b>Part-time workers rate</b>	8.54	8.50	0.04

Source: INEGI

**Unemployment rate: September 2015**

% sa



Source: INEGI

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

We believe that the slightly decrease in the unemployment rate 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.

*From our regional economy team*

**On a regional basis, we highlight the improvement in Baja California’s unemployment rate.** According to *INEGI* figures, Tabasco, Nayarit, Mexico, Queretaro and Guanajuato were the entities that showed the highest rates of unemployment on an annual basis in September. Moreover, we highlight the 2.2pp reduction in the unemployment rate in Baja California. With these figures, we believe the entity showed better dynamics in the labor market than the other 31 states. In September, formal employment increased 8% yoy in this state, with a 8,609 jobs added (see [“Mexico: Formal employment - Labor market added 117,644 new formal jobs in September”](#)). Moreover, investments amounting to US\$3.7bn in manufacturing industry are reflected in a more dynamic labor market. Additionally, in Sonora, Mexico City, Baja California Sur and Queretaro, the employment situation has improved substantially vs. 2014, with significant declines in the unemployment rate. Moreover, in the states of Coahuila, Tabasco, Oaxaca, Campeche and Guerrero the unemployment rate increased slightly as shown in the following table.

Year to date, unemployment rate in Baja California reached a level of 4.3% yoy, slightly below the 4.4% yoy national average. Meanwhile, Sonora, Mexico City, Baja California Sur and Querétaro, showed rates of 5.1%, 5.5%, 5.2% and 4.9% yoy respectively, all above the national average.

**Entities with minor and major changes in the unemployment rate: September-2015**

% yoy

%; nsa	Sep-15	Sep-14	Jan-Sep, '15	Difference
Baja California	3.9	6.1	4.3	-2.2
Sonora	4.7	6.8	5.1	-2.1
Distrito Federal	5.3	7.4	5.5	-2.1
Baja California Sur	4.8	6.8	5.2	-2.0
Querétaro	5.5	7.0	4.9	-1.5
Coahuila	5.3	4.7	5.3	0.6
Tabasco	7.0	6.4	6.5	0.6
Oaxaca	3.7	3.1	2.9	0.5
Campeche	3.3	2.8	2.7	0.5
Guerrero	2.4	2.1	2.1	0.3

Source: Banorte-ixe; INEGI

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