

## Employment report – Unemployment rate maintains a downward trend

February 26, 2016

- **Unemployment rate (January): 4.24%; Banorte-Ixe: 4.64%; consensus: 4.47% (range of estimates: 4.23% to 4.8%); previous: 3.96%**
- **In seasonally adjusted terms, the unemployment rate fell 0.07%-pts. to 4.26%**
- **Part-time workers: 8.4% (previous: 8.4%); participation rate: 59.8% (previous: 59.5%; seasonally adjusted figures)**
- **Looking ahead, we believe that the unemployment rate will remain around current levels**
- **Durango stands out as the federal entity with the largest reduction in its unemployment rate.**

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**Unemployment rate maintains a downward trend.** According to *INEGI's* report published today, the unemployment rate stood at 4.24% in January, below our 4.64% estimate (consensus: 4.47%; previous: 3.96%). This number implies a 0.28%-pts. reduction on an annual basis. Moreover, the participation rate increased 0.24%-pts., while the part-time workers rate stood at 8.6%.

#### INEGI's employment report: January 2016

nsa

%	Jan-16	Jan-15	2015
Unemployment rate (EAP)	4.24	4.51	4.4
Participation rate	59.1	58.9	59.8
Part-time workers rate	8.6	8.5	8.3

Source: INEGI

**In seasonally adjusted terms, the unemployment rate fell 0.07%-pts. reaching 4.26%.** Moreover, the participation rate edged-up 0.29%-pts., while the part-time workers rate marginally increased 0.02%-pts., as shown in the table below.

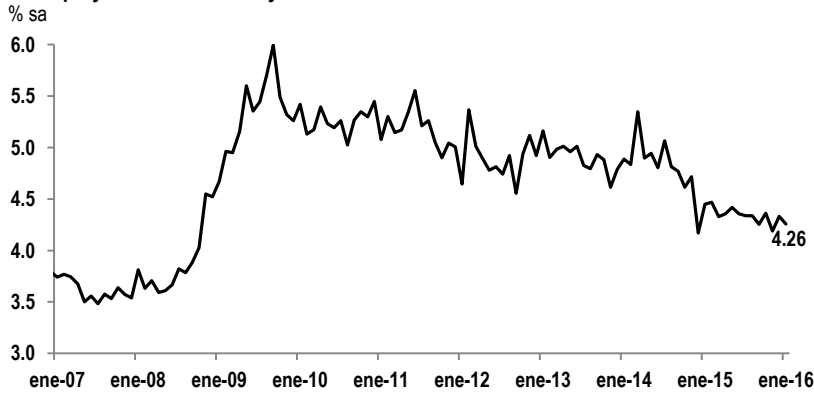
#### INEGI's employment report: January 2016

Seasonally adjusted figures

%	Jan-16	Dec-15	Difference
Unemployment rate (EAP)	4.26	4.33	-0.07
Participation rate	59.8	59.4	0.29
Part-time workers rate	8.4	8.4	0.02

Source: INEGI

**Unemployment rate: January 2016**



Source: INEGI

**Looking ahead, we believe that the unemployment rate will remain around current levels.** In our view, 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*

**Durango stands out as the federal entity with the largest reduction in its unemployment rate.** We highlight the 2pp reduction in the unemployment rate in Durango. With these figures, this entity continued to show better growth dynamics within labor market than the other 31 states in the first month of the year. Moreover, in January, formal employment increased 3.3% yoy in this state, with 2,100 jobs created derived from the arrival of new investments, the support to small and medium size firms by the state government, as well as the increase in confidence regarding the state’s economic outlook.

Additionally, in Baja California, Quintana Roo, Aguascalientes, and Baja California Sur, the labor market has improved substantially vs. 2015 with significant declines in the unemployment rate. However, in Tabasco, Chiapas, Tlaxcala, Sinaloa, and Guerrero, the unemployment rate increased slightly from the one obtained in Jan’15, as shown in the following table.

**Entities with minor and major changes in the unemployment rate: January-2016**

% yoy

	Jan-16	Jan-15	Jan-Dec, '15	Difference
Durango	4.1	6.1	5.0	-2.0
Baja California	3.4	4.6	4.1	-1.2
Quintana Roo	3.2	4.2	4.0	-1.1
Aguascalientes	3.9	5.0	4.6	-1.0
Baja California Sur	4.8	5.8	5.0	-1.0
Tabasco	7.7	6.9	6.7	0.8
Chiapas	3.4	2.8	3.0	0.6
Tlaxcala	5.1	4.7	4.8	0.4
Sinaloa	4.3	4.0	4.2	0.3
Guerrero	2.5	2.3	2.1	0.2

Source: Banorte-Ixe; INEGI

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