

Employment report – Unemployment rate stood at 4.4% in 2015

January 25, 2016

- **Unemployment rate (December): 3.96%; Banorte-Ixe: 3.63%; consensus: 3.61% (range of estimates: 3.4% to 4.05%); previous: 3.96%**
- **In this context, the unemployment rate stood at 4.4% in 2015 (monthly average), compared with the 4.8% observed in 2014**
- **In seasonally adjusted terms, the unemployment rate increased 0.16%-pts. to 4.37%**
- **Part-time workers: 8.4% (previous: 9.4%); participation rate: 59.5% (previous: 61.1%; seasonally adjusted figures)**
- **Looking ahead, we believe that the unemployment rate will remain around current levels**
- **Baja California Sur stands out as the federal entity with the largest reduction in its unemployment rate**

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The unemployment rate stood at 3.96% in December, above our 3.63% estimate (consensus: 3.61%; previous: 3.96%). This number implies a 0.21%-pts. expansion on an annual basis. Moreover, the participation rate decreased 0.15%-pts. However, part-time workers rate stood at 7.6%, in line with the observed in December 2014 (refer to the table below). With today's figures, the unemployment rate exhibited a 4.4% average rate in 2015, compared with the 4.8% observed in 2014.

INEGI's employment report: December 2015

nsa

%	Dec-15	Dec-14	2015
Unemployment rate (EAP)	3.96	3.76	4.4
Participation rate	59.7	59.9	59.8
Part-time workers rate	7.6	7.6	8.3

Source: INEGI

In seasonally adjusted terms, the unemployment rate increased 0.16%-pts. reaching 4.37%. Moreover, the participation rate edged-down 1.58%-pts., while the part-time workers rate decreased to 8.4% from 9.4% as shown in the table below.

INEGI's employment report: December 2015

Seasonally adjusted figures

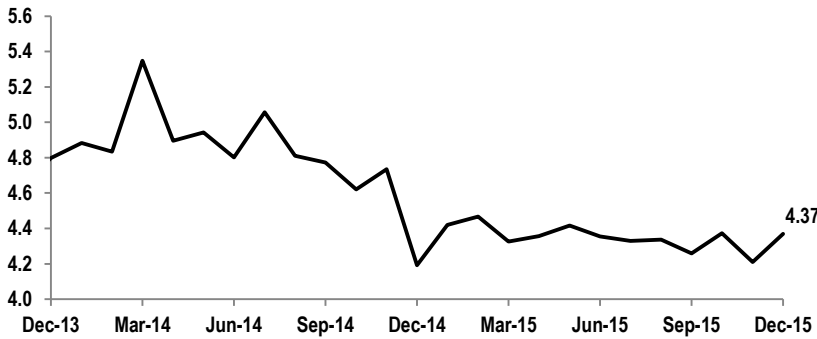
%	Dec-15	Nov-15	Difference
Unemployment rate (EAP)	4.37	4.21	0.16
Participation rate	59.5	61.1	-1.58
Part-time workers rate	8.4	9.4	-1.03

Source: INEGI

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Unemployment rate: December 2015

% sa



Source: INEGI

Looking ahead, we believe that the unemployment rate will remain around current levels. In our view, the increase in the unemployment rate in December (seasonally-adjusted figures) was partially explained by the inherent volatility in the monthly sample of the *National Survey of Employment and Occupation* (ENOE). Usually the monthly results of this survey are relatively volatile, given its statistical design.

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

Baja California Sur stands out as the federal entity with the largest reduction in its unemployment rate. We highlight the 2.1pp reduction in the unemployment rate in Baja California Sur. With these figures, this entity continued to show better growth dynamics within labor market than the other 31 states.

Moreover, in December, formal employment increased 9.1% yoy in this state, with a 12,096 jobs created so far in 2015. Similarly, we believe that the investments made to support economic sectors such as tourism, road infrastructure and housing programs, explained the better growth prospects of the labor market. However, year-to-date, unemployment rate in Baja California Sur reached 5, above the national average of 4.4%.

Additionally, in Durango, Aguascalientes, Baja California and Chihuahua, the labor market has improved substantially vs. 2014 with significant declines in the unemployment rate. However, in Tabasco, Veracruz, Estado de México, Tlaxcala and Campeche, the unemployment rate increased slightly from the one obtained in Dec'14, as shown in the following table.

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

% yoy

	Dec-15	Dec-14	Jan-Dec, '15	Difference
Baja California Sur	4.2	6.3	5.0	-2.1
Durango	3.9	5.6	5.0	-1.7
Aguascalientes	4.2	5.4	4.6	-1.2
Baja California	3.6	4.8	4.1	-1.1
Chihuahua	3.3	4.3	3.8	-1.0
Tabasco	7.6	6.5	6.7	1.1
Veracruz	4.1	3.3	3.7	0.7
Estado de México	5.7	5.1	5.5	0.6
Tlaxcala	4.9	4.4	4.8	0.5
Campeche	3.0	2.5	2.9	0.5

Source: Banorte-ixe; INEGI

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