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# Latam Daily: Colombia's Labour Market Recovery Continues

- Colombia: February employment shows gaps are closing

## COLOMBIA: FEBRUARY EMPLOYMENT SHOWS GAPS ARE CLOSING

Employment data for February, released on Thursday, March 31, show that in-person activities are leading to a recovery in jobs and closing gaps with pre-pandemic labour market indicators.

The nationwide unemployment rate stood at **12.9% in February (chart 1)**, while the **urban unemployment rate (in 13 major cities) was 12.7%**. Both rates were lower than 2021 levels of 15.4% and 18.1%, respectively. Services sectors remained the main contributors to employment gains. Meanwhile, the labour force participation rate is rising and female employment is recovering at a faster rate than that of men. Informality is also decreasing. Looking ahead, it will be important to monitor labour market dynamics in the forthcoming months.

**Note that DANE doesn't release seasonally adjusted statistics for February.**

**Social distancing restrictions continued to ease in February (including a return to in-person schooling), leading to a better dynamic for employment creation.** Services sectors continued to recover relative to one year ago and formal employment also increased. In February, the active population stood at around 21.7 million people, compared to the pre-pandemic average of 22.2 million, revealing that the gap is closing.

**From a sectoral perspective, 56% of overall employment creation of 1.52 million y/y, was concentrated in four sectors:** commerce (+335 thousand), leisure activities (+282 thousand), manufacturing (+246 thousand), and restaurants & hotels (+219 thousand). On the negative side, public, health, and education employment contracted (-84 thousand).

**In terms of job quality, informality stood at 43.5%, below February 2021 of 47.5%.** The improvement for the urban area was more pronounced, with informality falling from 48.7% one year ago to 44.8% in February 2022. It is worth noting that formal jobs contributed 74% of the job gains in February.

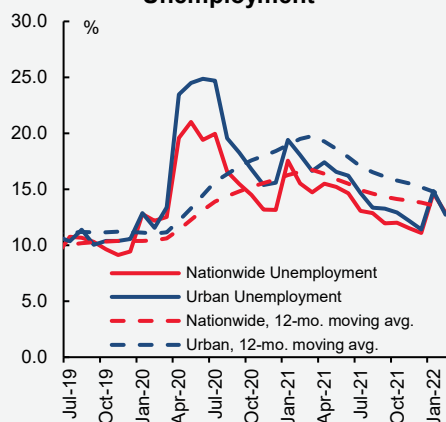
**Improvements were also recorded in terms of the gender gap.** In February, male unemployment stood at 10.3% (compared to 13.7% in February 2021), while female unemployment stood at 16.5% (21.7% in February 2021). These results show that in-person schooling is allowing more women to go back to the labour market; in fact, the February numbers show an increase in the female participation rate, especially in urban areas.

**Summing up, February's employment data posted positive results, especially in services-related sectors.** In addition, the return to normality has led to important labour market outcomes, as some gender gaps are closing and quality of jobs is improving. These are welcome developments as the economic recovery is challenged by the current inflationary shock.

—Sergio Olarte & Jackeline Piraján

Chart 1

Colombia: Nationwide and Urban Unemployment



Sources: Scotiabank Economics, DANE.

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