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Latam Daily: Peru's Employment Picture

- Peru: Employment growth stagnates in Lima

PERU: EMPLOYMENT GROWTH STAGNATES IN LIMA

The unemployment rate in Lima rose for a fourth consecutive month (chart 1), from a low of 7.8% in December 2021, to 9.4% in March 2022, according to [data](#) released by the National Statistics Institute, INEI. Because the data is presented as a three-month rolling average, the 9.4% figure corresponds to January-March 2022 (coinciding with Q1).

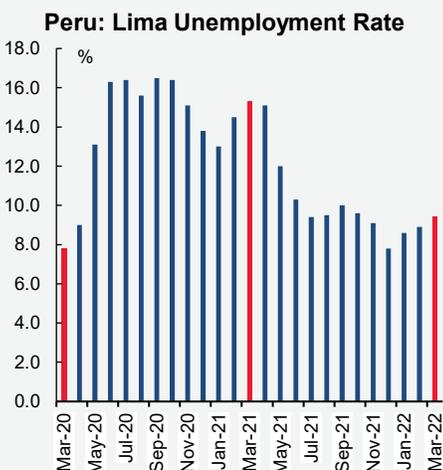
The unemployment rate had fallen to pre-COVID-19 levels in December (Q4 2021), but has subsequently risen. The rise in the unemployment rate reflects an increase in the number of people seeking jobs, which was up 11.8% y/y, rather than a loss of jobs. However, the number of jobs in Lima has remained stable at 4.9 mn since December (chart 2). It is clear, then, that employment growth that began in April 2021 has ceased. Stagnant employment growth is in line with the slowdown in construction, in public investment, and, most likely, in private investment, over the past few months.

The silver lining here is that formal, adequate employment (i.e., not underemployed) has been gradually reducing the gap with pre-COVID-19 levels (chart 3).

Underemployment has stabilized at levels 20% above pre-COVID-19 since May 2021. Meanwhile, adequate jobs have risen in the same period from 40% below pre-COVID-19 levels, to 16% below. The bottom line is that the proper formal jobs market is struggling to return to pre-COVID-19 levels while workers are engaged in inadequate jobs.

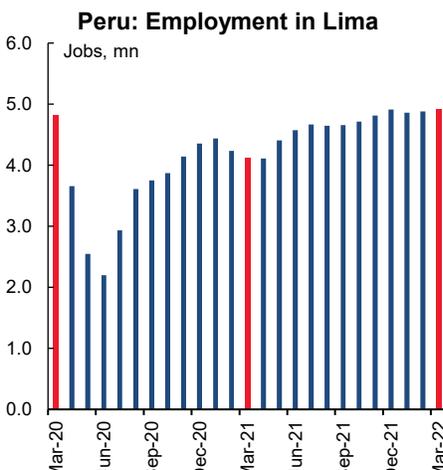
—Guillermo Arbe

Chart 1



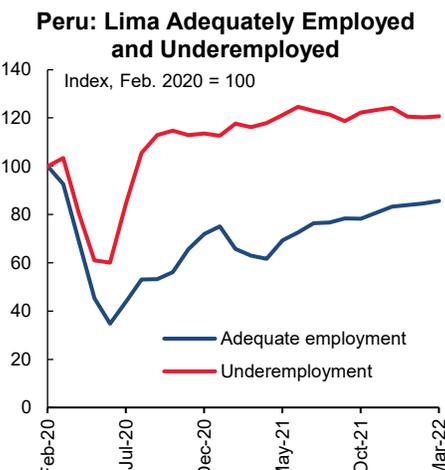
Sources: Scotiabank Economics, INEI.

Chart 2



Sources: Scotiabank Economics, INEI.

Chart 3



Sources: Scotiabank Economics, INEI.

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