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Latam Daily: Mexico Unemployment in December and Labour Market Data

- **Mexico: Unemployment rate in December shows persistent signs of weakness and a long road to recovery**

MEXICO: UNEMPLOYMENT RATE IN DECEMBER SHOWS PERSISTENT SIGNS OF WEAKNESS AND A LONG ROAD TO RECOVERY

According to statistical agency, INEGI, Mexico's [unemployment rate](#) for December was **3.51%**, above the market's expectation of **3.35%** (chart 1). The labour force participation rate, meanwhile, saw a marginal decrease from November's 59.6% to 59.5%. In December, the informal labour rate increased to 56.5%, 0.8 ppt larger than the same month in 2020 and 0.9 ppt larger than November 2021. December's unemployment rate has been the lowest since the beginning of the pandemic (average unemployment rate in 2020 was 4.43%), however, we still observe distortions in the labour market. Underemployment rate is still higher than pre-pandemic levels (10% in December versus an average of 8.4% in the first quarter in 2020). Going forward, job creation will greatly depend on investment, currently stagnated, and business trust recovery. In this sense, we are expecting the government to announce, before the end of January, a third public-private infrastructure investment package will be launched. However, there is still a complicated relationship between the public and private sectors.

—Luisa Valle

Chart 1

Mexico: Unemployment Rate



Sources: Scotiabank Economics, INEGI.

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