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Latam Daily: Chile's Jobless Rate Significantly Exceeds Expectations

CHILE: UNEMPLOYMENT RATE RISES TO 8.4% AMID LABOUR FORCE RECOVERY

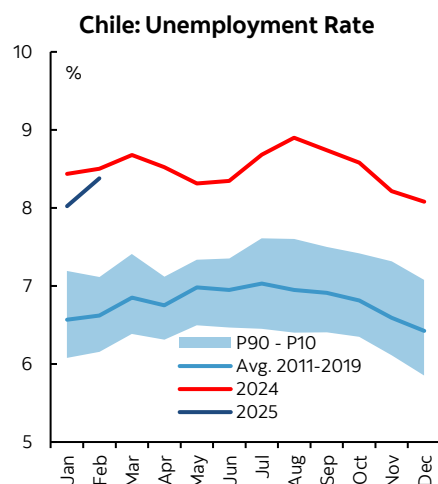
• Solid growth among private salaried, while self-employed continues to lag

On Friday, March 31st, INE released the unemployment rate for the quarter ending February 2025, which rose to 8.4% (chart 1), significantly above market expectations of 8.1%. This was explained by a significant increase in the labour force (+43k) compared to almost null employment growth (+3k). While the increase in the unemployment rate has a seasonal component, part of it was also explained by the genuine deterioration in job creation in some sectors, although this has been limited so far. On the other hand, the main reason behind the higher labour force participation, as was the case in January, was the sharp reduction in the number of people unwilling to work.

While job creation appears limited, the quarterly average hides a positive marginal figure for February. Based on the INE survey, it is possible to estimate the figure for the month in terms of employment, unemployment, and labour force. From this, we can observe that job creation specifically in November was significant, contributing to the rebound observed in the moving quarter ending in January. Thus, despite February's positive employment figure, the moving quarter recorded lower average job creation due to the November reading dropping out of the quarterly average. A similar situation is occurring with the labour force, which is reportedly regaining momentum after two months of slight contraction, which would continue to push the unemployment rate upward in the short term.

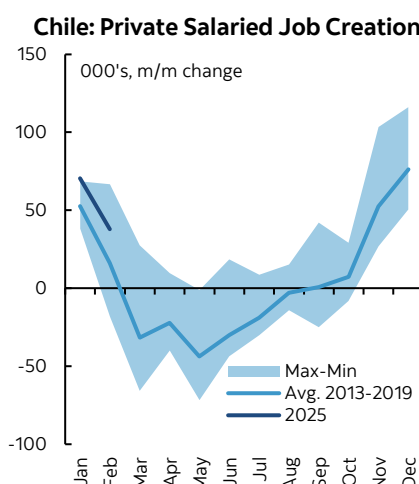
Private employment remains strong (chart 2). For the second consecutive quarter, private salaried job creation is above its historical average, consistent with the growth in formal employment (+22k). At the economic sector level, construction stands out, as it began the year creating jobs, as was seen at the beginning of last year, but in a context of strong expansion of public investment. This year, the recovery of construction will depend more on the completion of private investment projects in the sector, which is projected to return to positive growth rates in 2025, after two years of contraction.

Chart 1



Sources: Scotiabank Economics, INE.

Chart 2



Sources: Scotiabank Economics, INE.

—Aníbal Alarcón

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