

Contributors

Juan Manuel Herrera, Senior Economist
+52.55.2299.6675 (Mexico)
juanmanuel.herrera@scotiabank.com

Jorge Selaive, Head Economist, Chile
+56.2.2619.5435 (Chile)
jorge.selaive@scotiabank.cl

Eduardo Suárez, VP, Latin America Economics
+52.55.9179.5174 (Mexico)
esuarezm@scotiabank.com.mx

TODAY'S CONTRIBUTORS:

Aníbal Alarcón, Senior Economist
+56.2.2619.5465 (Chile)
anibal.alarcon@scotiabank.cl

Rodolfo Mitchell, Director of Economic and Sectoral Analysis
+52.55.3977.4556 (Mexico)
mitchell.cervera@scotiabank.com.mx

Miguel Saldaña, Economist
+52.55.5123.1718 (Mexico)
msaldanab@scotiabank.com.mx

Martha Cordova, Economic Research Specialist
+52.55.5435.4824 (Mexico)
martha.cordovamendez@scotiabank.com.mx

Latam Daily: Chile Unemployment, Mexico International Trade

- **Chile: Muted job creation fails to exceed seasonal patterns, while formal employment continues to decelerate**
- **Mexico: Non-automotive manufacturing exports offset sharp declines in the automotive and agricultural sectors, while rising intermediate goods supported overall import growth**

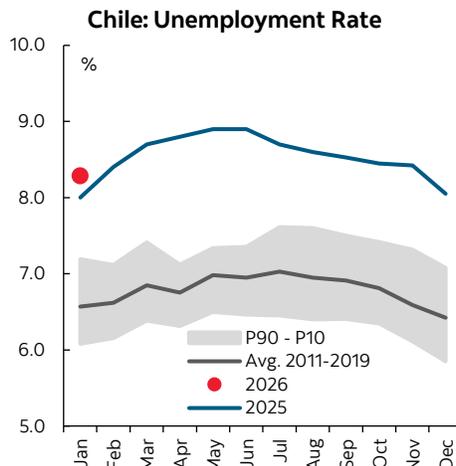
CHILE: MUTED JOB CREATION FAILS TO EXCEED SEASONAL PATTERNS, WHILE FORMAL EMPLOYMENT CONTINUES TO DECELERATE

The unemployment rate reached 8.3% in the quarter ending in January (chart 1), coming in above market expectations (8.1%) and increasing relative to the level recorded at the end of last year (8.0%). This uptick reflects a stronger expansion of the labour force (+59k) compared to employment growth (+30k), mostly concentrated in formal sectors and firms, and fully consistent with seasonal patterns. Indeed, the seasonally adjusted unemployment rate stood at 8.6%, again above the Central Bank's estimated NAIRU range (8.0–8.5%), indicating that slack in the labour market persists. From both a labour market and activity standpoint, the data lays the groundwork for the Central Bank to deliver a 25bps policy rate cut at the March meeting.

Seasonal job creation came alongside solid labour-force growth. The number of employed persons increased by 30k, broadly in line with the average job creation observed in recent years for comparable quarters. In seasonally adjusted terms, employment rose by only 779 people, insufficient to offset the 17k seasonally adjusted increase in the labour force. By sector, job gains were concentrated in tourism-related services—such as commerce, transportation, and accommodation & food services—with the latter even recording employment growth above typical seasonal patterns. Conversely, agriculture appears to be undergoing a structural decline in employment levels, showing significantly smaller seasonal increases during the summer over the past two years relative to historical norms.

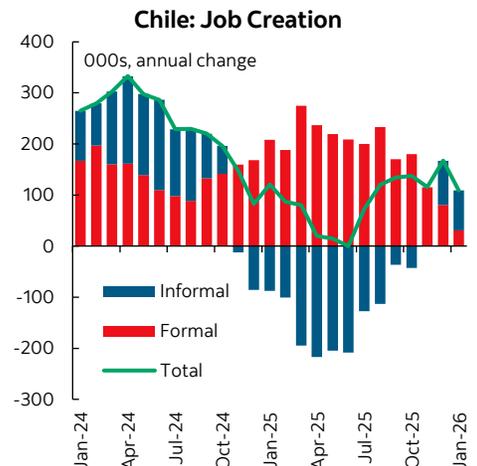
Formal employment increased, though its year-over-year growth continues to slow (chart 2). Compared with the same moving quarter last year, only 31k formal jobs were created, largely concentrated in service-sector activities. By contrast, informal employment consolidates the rebound observed since the previous quarter, with a year-over-year increase of 78k jobs. As a result, the informality rate continues to recover and remains at its highest level in more than a year.

Chart 1



Sources: Scotiabank Economics, INE.

Chart 2



Sources: Scotiabank Economics, INE.

—Aníbal Alarcón

MEXICO: NON-AUTOMOTIVE MANUFACTURING EXPORTS OFFSET SHARP DECLINES IN THE AUTOMOTIVE AND AGRICULTURAL SECTORS, WHILE RISING INTERMEDIATE GOODS SUPPORTED OVERALL IMPORT GROWTH

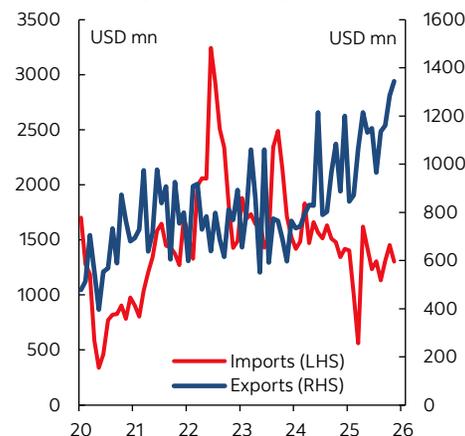
The trade balance in January posted a deficit of 6,481 million pesos, with annual increases in both imports and exports (chart 3). Imports totaled 54,488 million pesos, representing an annual increase of 9.8%, driven by a 14.2% growth in intermediate goods, which offset declines in consumer goods of -3.8% and capital goods of -4.4%.

On the other hand, exports rose 8.1% to reach 48,007 million dollars. Within this category, there was a sharp drop in petroleum exports, by -33.5%, and in agricultural exports, by -11.6%, which was more than offset by a 17.8% increase in non-automotive manufacturing exports. Additionally, automotive exports decreased by -9.0%.

—Rodolfo Mitchell, Miguel Saldaña & Martha Cordova

Chart 3

Mexico: Exports and Imports Evolution



Sources: Scotiabank Economics, INEGI.

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