Scotiabank

GLOBAL ECONOMICS

LATAM DAILY

August 28, 2026

Contributors

Juan Manuel Herrera, Director
+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

Latam Daily: Chilean Unemployment Extends Rise

CHILE: UNEMPLOYMENT RATE RISES TO 9.5%, EXCEEDING CONSENSUS EXPECTATIONS

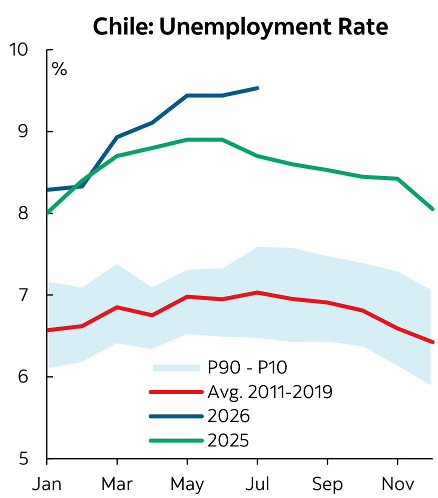
- **Labour market slack continues to widen. Achieving a 6.5% unemployment rate is becoming increasingly challenging.**

The unemployment rate rose to 9.5% in the three-month period ending in July (chart 1), slightly above market consensus expectations (9.4%) but in line with our forecast, which incorporated the negative effects of El Niño-related weather disruptions during July. These developments help explain the loss of 89k jobs during the period, roughly half of which cannot be attributed to usual seasonal factors and instead point to a genuine deterioration in labour market conditions. While the seasonally adjusted unemployment rate remained unchanged at 9.3%, this stability reflected a decline in the seasonally adjusted labour force of a magnitude similar to the contraction in employment, marking the sharpest monthly deterioration since mid-2021, when the labour market was adjusting following the pandemic.

Employment posted its first year-on-year decline in more than five years, accompanied by another drop in labour formalization (chart 2). Labour market conditions continue to weaken across several sectors, with cyclical pressures affecting construction, commerce, and transportation, while structural challenges remain evident in sectors such as education and agriculture. Structural factors intensified further in July, as informal employment declined on an annual basis in both agriculture and education. Formal employment once again stood out negatively, falling by 54k jobs. However, the slowdown in informal job creation was the key factor behind the first annual contraction in total employment since the post-pandemic period in April 2021.

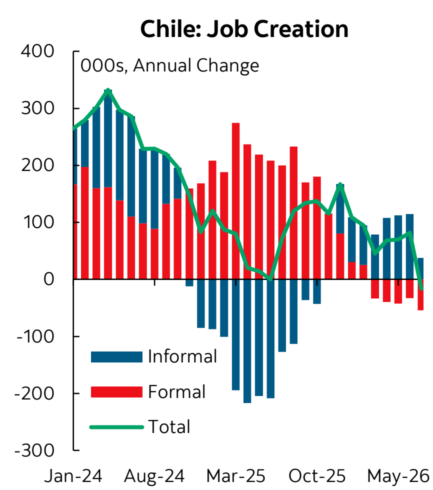
Weather-related disruptions explain a significant share of July's job losses. The economy has now accumulated six consecutive rolling quarters of employment destruction, with adverse weather conditions recorded in July further exacerbating an already weakened labour market. While a decline in self-employment was broadly expected, the sharp contraction in private salaried employment was particularly noteworthy, extending a pattern of weakness that has persisted throughout the year. Commerce, agriculture, transportation, and manufacturing recorded the largest employment declines during the quarter, partly reflecting the impact of weather-related disruptions.

Chart 1



Sources: Scotiabank Economics, INE.

Chart 2



Sources: Scotiabank Economics, INE.

—Aníbal Alarcón