

Contributors

Juan Manuel Herrera
Senior Economist/Strategist
Scotiabank GBM
+44.207.826.5654
juanmanuel.herrera@scotiabank.com

Guillermo Arbe, Head Economist, Peru
+51.1.211.6052 (Peru)
guillermo.arbe@scotiabank.com.pe

Sergio Olarte, Head Economist, Colombia
+57.1.745.6300 Ext. 9166 (Colombia)
sergio.olarte@scotiabankcolpatria.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 Rate Remains at 7.9% Despite Better Job Creation

- **Chile: Greater budget execution would have supported the recovery of employment in December**

CHILE: GREATER BUDGET EXECUTION WOULD HAVE SUPPORTED THE RECOVERY OF EMPLOYMENT IN DECEMBER

On Monday, January 30, the statistical agency (INE) released the unemployment rate for the quarter ending in December 2022, which remained at 7.9% (chart 1), in line with our expectations. The labour force grew 0.8% m/m, while employment expanded 0.9% in the same period. In other words, 82k jobs were created, the largest expansion in the last 12 months (chart 2).

In December, 52k formal jobs were created compared to the previous month, almost two thirds of the total. Most were concentrated in administrative services, agriculture and industry. Trade formal jobs creation was negative, for the first time since August.

The extension of the Labour Emergency Family Income (IFE laboral) seems ambitious in terms of the objective of creating formal employment. This month, the government announced a fiscal boost plan that considers a new extension of the "IFE laboral" for three months, which aims to create 600k new formal jobs. It should be noted that in the second half of 2022, this benefit was only able to grant a little more than 50k subsidies on average per month.

The under-execution of public investment reached USD1.9 bn as of November 2022, concentrated in housing and public works. We do not rule out that the recovery in the generation of formal employment in December can be partly explained by a greater execution of public investment.

Chart 1

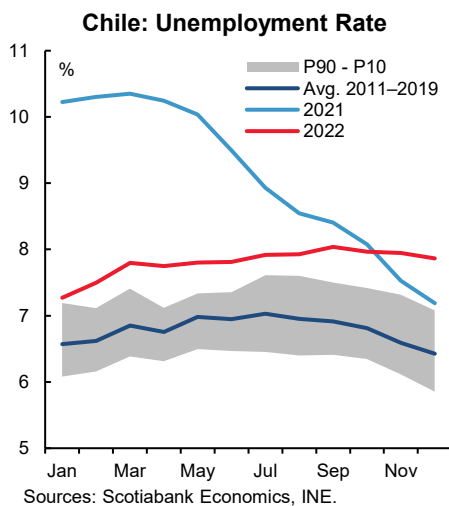
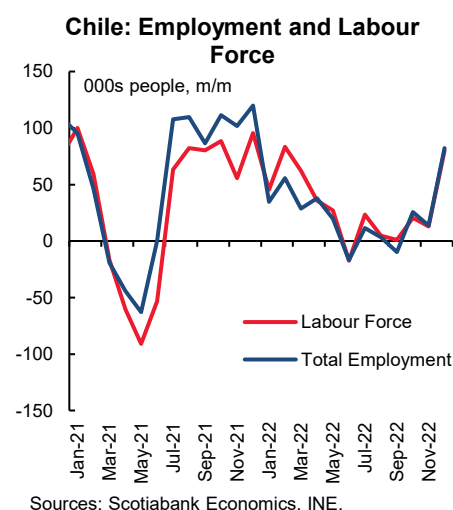


Chart 2



—Aníbal Alarcón

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