

Latam Daily: Mexico June Unemployment Data

- **Mexico: June unemployment shows little change from May; recovery from 2020 but not yet back to pre-pandemic level**

MEXICO: JUNE UNEMPLOYMENT SHOWS LITTLE CHANGE FROM MAY; RECOVERY FROM 2020 BUT NOT YET BACK TO PRE-PANDEMIC LEVEL

According to [data](#) released by statistical agency (INEGI) on Monday (July 26), Mexico's unemployment virtually posted no change (moving marginally from 4.02% in May to 3.99% in June), compared to 5.5% in the same month of 2020 (chart 1). Mexico's economically active population increased to 57.34 million people, yielding a participation rate of 58.5%, an increase from the 53.1% in June of 2020 but still below the 60.5% in the same month of 2019 (chart 1, again).

Data on part-time workers (individuals currently looking to work more hours) showed a similar trend, as the underemployed demographic decreased to 12.4% from the 20.1% in June 2020, but not yet recovered to the pre-pandemic 8.4% posted in Q1-2020. The informality rate also moved slightly from 55.5% to 55.4%, up from 53.0% a year earlier, and close to the 55.7% reported in March 2020, just before the lockdowns.

Although employment figures show some recovery from 2020, the labour market still shows deterioration due to the health crisis as the unemployment rate is still above its 2019 average (3.5%), and the participation rate is close to, but below its pre-pandemic level (59.8% in March 2020). Although economic recovery is expected to continue, it is somewhat unlikely that the unemployment rate could return to 2019 levels the rest of this year given the upcoming implementation of the now approved outsourcing labour law (discussed in our [Latam Daily](#) on April 7), and domestic uncertainty that could hinder investment and curtail a strong pace of job creation. The unemployment rate would thus remain somewhere around 4.0% during the rest of 2021, assuming we won't see significant distortions related to the third wave of COVID-19.

—Miguel Saldaña

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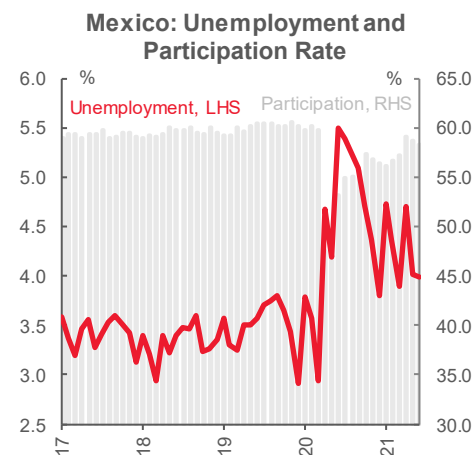
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Chart 1



Sources: Scotiabank Economics, INEGI.

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