DAVIbank

# Economics Colombia

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## Colombia: June unemployment rate remains low amid dynamic job creation in service sectors

**On July 31, DANE released the labor market figures for June 2026. The nationwide unemployment rate stood at 8.0%, down from 8.6% in June 2025.** In urban areas (13 cities and metropolitan areas), the unemployment rate was also 8.0%, declining by 0.3 ppts. The strong performance of the labor market occurred in the context of an improved global participation rate, which stood at 69.4% nationwide, the highest level since 2019. In seasonally adjusted terms, the nationwide unemployment rate was 8.2%, close to the historical low of 8.1% recorded in May 2026. In urban areas, the seasonally adjusted unemployment rate was also 8.2% (Chart 1).

**Chart 1.** Nationwide and Urban Unemployment s.a. (%).


Sources: DANE, DAVIbank Economics.

**The positive performance of the labor market was supported by dynamic job creation, especially in cities outside the country's 13 main urban areas. Employment increased by 706 thousand y/y and was concentrated in service sectors (Chart 2).** In fact, 82% of job creation was concentrated in three sectors: Accommodation and Food Services (+289 thousand), Construction (+146 thousand), and Transportation and Storage (+145 thousand). However, it is important to highlight that, overall, the services sector remained robust. One important aspect to keep in mind is that the Public Administration, Defense, Health, and Education sector contributed to job creation to a lesser extent (+82 thousand). However, this was because the sector had already accumulated strong job gains over the previous year and is now normalizing. On the negative side, manufacturing activities (-125 thousand) and agriculture (-40 thousand) recorded employment losses, consistent with the weaker momentum reflected in activity data.

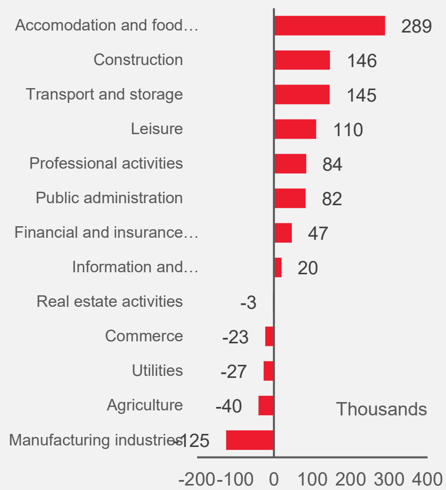
**By gender, the female population experienced the most significant job gains.** Out of the 706 thousand new jobs, female employment accounted for 77% (544 thousand). This population benefited from a more dynamic services sector, as the main sources of employment were Accommodation and Food Services (+281 thousand) and Commerce (+103 thousand). For the male population (+162 thousand new jobs), the main drivers were Transportation (+136 thousand) and Construction (+126 thousand), offsetting contractions in Commerce and Agriculture sectors. Female unemployment stood at 9.9%, while male unemployment was 6.6%, representing a very narrow differential.

**Regarding employment quality, the informality rate stood at 55.1%, stable compared with the level recorded one year earlier.** In June, job creation was balanced between formal private employees (+437 thousand) and self-employed workers (+414 thousand). Both categories offset the reduction in agricultural-related employment, such as day laborers (-117 thousand).

**When comparing employment characteristics with conditions four years ago (June 2022), we highlight that Colombia created 2.4 million jobs.** Of this total, 22.5% was generated in the Accommodation and Food Services sector (+548 thousand), 17% in Public Administration, Health, Defense, and Education (+421 thousand), 16.5% in Manufacturing (+403 thousand), and 14% in Professional Activities (+352 thousand). All in all, despite the substantial increase in public employment, we have also observed a very resilient private services sector that has adapted to challenges such as regulatory changes related to the extension of the workday, higher wages, among others.

**The strong labor market is consistent with expectations that the central bank will maintain a contractionary stance for an extended period. It is worth noting that the central bank has highlighted that, although there are some tailwinds for inflation stemming from lower exchange rates, among other factors, domestic demand has remained robust. Consumption dynamics are not allowing this potentially positive pass-through to fully materialize, partly due to the strength of the labor market. Under the new administration, it will be important to assess the impact of potential fiscal efficiency measures on public employment. While hiring momentum could moderate, it will also be necessary to observe whether stronger private-sector investment activity can provide a positive offset.**

**Chart 2.** Annual job creation by sector




Sources: DANE, DAVIbank Economics.

## Macroeconomic forecast DAVIbank Economics Colombia

| Forecast | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025pr | 2026pr | 2027 pr |
|---|---|---|---|---|---|---|---|---|---|
| **National Accounts** | | | | | | | | | |
| Real GDP growth (yearly %) | 3.2 | -7.2 | 11.1 | 7.6 | 0.9 | 1.5 | 2.6 | 2.4 | 2.7 |
| Domestic demand (y/y. %) | 4.0 | -7.5 | 13.8 | 10.5 | -2.3 | 1.6 | 3.9 | 2.9 | 3.2 |
| Consumption (y/y. %) | 4.3 | -4.3 | 14.1 | 9.5 | 0.7 | 1.4 | 4.4 | 3.4 | 3.1 |
| Private (y/y. %) | 4.0 | -5.0 | 15.3 | 11.1 | 0.6 | 1.6 | 3.5 | 3.2 | 3.6 |
| Goverment (y/y. %) | 5.5 | -0.9 | 10.3 | 2.2 | 1.1 | 0.0 | 8.3 | 4.4 | 0.8 |
| Gross capital formation (y/y. %) | 3.2 | -7.2 | 11.1 | 7.6 | 0.9 | 1.5 | 2.6 | 2.4 | 2.7 |
| Exports (y/y. %) | 3.3 | -22.3 | 15.7 | 13.6 | 3.1 | 0.3 | 1.8 | 1.9 | 1.7 |
| Imports (y/y. %) | 7.7 | -19.8 | 28.5 | 25.0 | -9.8 | 1.3 | 8.8 | 3.0 | 4.2 |
| **Laboral Market** | | | | | | | | | |
| Unemployment (%. Average) | 10.9 | 16.7 | 13.8 | 11.2 | 10.2 | 10.2 | 8.9 | 9 | 9.4 |
| **Balance of Payments** | | | | | | | | | |
| Trade Balance (USD$. B) | -14.15 | -13.10 | -20.00 | -16.10 | -7.81 | -9.77 | -14.89 | -16.61 | -19.91 |
| Exports (USD$. B) | 51.3 | 38.2 | 50.9 | 73.5 | 68.7 | 69.1 | 71.5 | 79.22 | 82.1 |
| Imports (USD$. B) | 65.5 | 51.3 | 70.9 | 89.6 | 76.5 | 78.9 | 86.3 | 97.05 | 103.10 |
| Current account (USD$ Balance. B) | -14.81 | -9.27 | -17.95 | -20.88 | -8.32 | -7.10 | -11.02 | -13.4 | -16.18 |
| Current account (% of GDP) | -4.6 | -3.4 | -5.6 | -6.0 | -2.3 | -1.7 | -2.4 | -2.3 | 2.7 |
| **Prices. Rates & Exchange Rates** | | | | | | | | | |
| CPI (y/y. %. End period) | 3.80 | 1.61 | 5.62 | 13.12 | 9.28 | 5.20 | 5.10 | 6.87 | 4.87 |
| CPI (y/y. %. Average) | 3.52 | 2.53 | 3.49 | 10.15 | 11.77 | 6.63 | 5.14 | 6.01 | 5.67 |
| CPI without food (y/y. %. End period) | 3.45 | 1.03 | 3.44 | 9.99 | 10.33 | 5.60 | 5.11 | 6.50 | 4.77 |
| COP ($. End period) | 3297 | 3422 | 4077 | 4850 | 3902 | 4405 | 3780 | 3567 | 3701 |
| COP ($. Average) | 3281 | 3694 | 3766 | 4254 | 4322 | 4153 | 4052 | 3643 | 3629 |
| BanRep's rate (%. End period) | 4.25 | 1.75 | 3.00 | 12 | 13.0 | 9.50 | 9.25 | 12.75 | 10 |
| **Fiscal projections*** | | | | | | | | | |
| Net Debt of CNG (% of GDP) | 48.4 | 60.7 | 60.1 | 57.6 | 53.4 | 59.3 | 58.5 | 61 | 62.9 |
| Primary Balance of CNG (% del PIB) | 0.4 | -5.0 | -3.6 | -1.0 | -0.3 | -2.4 | -3.5 | -4.1 | 0.5 |
| Deficit of CNG (% of GDP) | -2.5 | -7.8 | -7.1 | -5.3 | -4.3 | -6.8 | -6.4 | -7.4 | -5.1 |

*Source: CARF Report June 2026 about MTFF. For 2027 the projection assumes a 3.7% of GDP adjustment

Source: DAVIbank Economics Colombia.

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