

Economics Colombia

August 31, 2026

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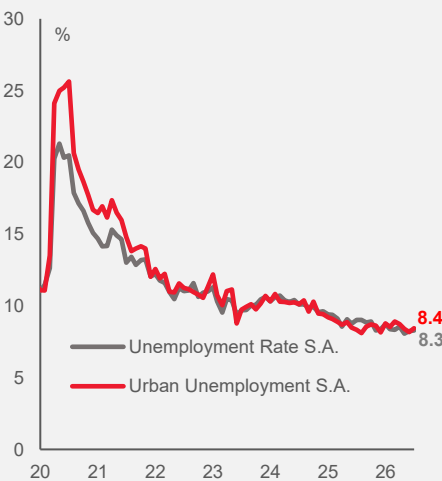
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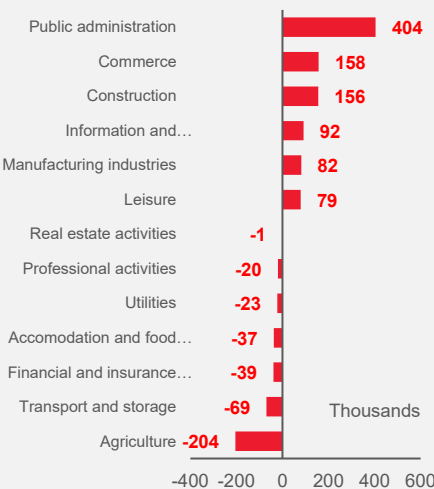
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Chart 1. Nationwide and Urban Unemployment s.a. (%).



Sources: DANE, DAVIbank Economics.

Chart 2. Annual job creation by sector



Sources: DANE, DAVIbank Economics.

Colombia: July job growth moderates as urban hiring loses momentum again

On August 31, DANE released the labor market figures for July 2026. The nationwide unemployment rate stood at 8.1%, down from 8.8% in July 2025. In urban areas (13 cities and metropolitan areas), the unemployment rate was 8.5%, increasing from 8.4% a year ago. In seasonally adjusted terms, the nationwide unemployment rate was 8.3%, up from the results of May and June. In urban areas, the seasonally adjusted unemployment rate was 8.4% (Chart 1).

While still dynamic, job creation has slowed down from the peak observed in April/May, especially in the 13 main urban areas. Total employment increased by 578 thousand y/y, but only 79 thousand in Urban Areas, which means 86% of new jobs were created in the rural areas, that concentrates 53% of all jobs. In fact, the lower private impulse is noted in the fact that 70% of job creation was concentrated in the Public administration sector (+404 thousand), mainly due to a lower base of comparison in July 2025, when the sector lost 53 thousand jobs; this was followed by Commerce (+158 thousand) and Construction (+156 thousand) (Chart 2). On the negative side, agriculture (-204 thousand), Transport (-69 thousand) and financial activities (-39 thousand) recorded the biggest employment losses.

By gender, the male population experienced the most significant job gains. Out of the 578 thousand new jobs, male employment accounted for 65% (374 thousand), while female employment accounted for the remaining 35% (203 thousand). For the male population, the main drivers were Public administration (+221 thousand) and Construction (+176 thousand), offsetting contractions in the Agriculture and Transport sectors. The female population benefited also from Public administration (184 thousand) and Leisure (70 thousand). Female unemployment stood at 10.1%, while male unemployment was 6.7%, widening the gap to 3.4 pps versus 3.3 pps in June.

Regarding employment quality, the informality rate stood at 54.5%, lower by 0.3 pps compared to July 2025. However, in July, job creation relied on self-employed workers (+413 thousand), with private employees' job creation slowing down to 39 thousand from 437 thousand. Both categories offset the reduction in agricultural-related employment, such as day laborers (-185 thousand).

The strength of the labor market is consistent with expectations that the central bank will maintain a restrictive policy stance, keeping the policy rate at 12% for an extended period. That said, signs of slower job creation, together with the prospect of a reduced public sector contribution to employment due to the elimination of government positions and a planned fiscal adjustment of COP 21 tn in

2026 and around COP 40 tn in 2027, could cloud the labor market outlook and complicate Banrep's policy tradeoffs. However, even if public hiring momentum moderates, stronger private investment could provide an important cushion, particularly in the construction sector, supported by reconstruction efforts following the August 10 earthquake.

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	2.5	2.3
Domestic demand (y/y. %)	4.0	-7.5	13.8	10.5	-2.3	1.6	3.9	3.9	2.8
Consumption (y/y. %)	4.3	-4.3	14.1	9.5	0.7	1.4	4.4	4.1	2.3
Private (y/y. %)	4.0	-5.0	15.3	11.1	0.6	1.6	3.5	3.2	2.5
Government (y/y. %)	5.5	-0.9	10.3	2.2	1.1	0.0	8.3	9.5	1.4
Gross capital formation (y/y. %)	3.2	-7.2	11.1	7.6	0.9	1.5	2.6	3.2	5.9
Exports (y/y. %)	3.3	-22.3	15.7	13.6	3.1	0.3	1.8	0.1	1.7
Imports (y/y. %)	7.7	-19.8	28.5	25.0	-9.8	1.3	8.8	3.0	3.7
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 of period)	3.80	1.61	5.62	13.12	9.28	5.20	5.10	6.89	4.94
CPI (y/y. %. Average)	3.52	2.53	3.49	10.15	11.77	6.63	5.14	6.05	5.31
CPI without food (y/y. %. End of period)	3.45	1.03	3.44	9.99	10.33	5.60	5.11	6.21	4.43
COP (\$. End of period)	3297	3422	4077	4850	3902	4405	3780	3290	3610
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4052	3434	3516
BanRep's rate (%. End of period)	4.25	1.75	3.00	12	13.0	9.50	9.25	12	10.50
Tax Codes*									
Net Debt of CNG (% of GDP)	48.4	60.7	60.1	57.6	53.4	59.3	58.5	59.7	66.2
Primary Balance of CNG (% of GDP)	0.4	-5.0	-3.6	-1.0	-0.3	-2.4	-3.5	-3.3	-4.5
Deficit of CNG (% of GDP)	-2.5	-7.8	-7.1	-5.3	-4.3	-6.8	-6.4	-7.2	-9.4

*Source: 2027 National Budget

Source: DAVIbank Economics Colombia.

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