

Economics Colombia

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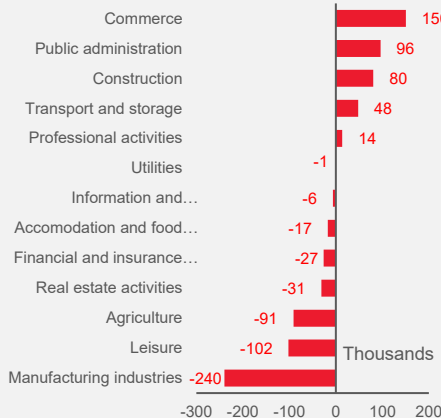
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Chart 1. Nationwide and Urban Unemployment s.a. (%).



Sources: DANE, DAVIbank Economics.

Chart 2. Annual job creation by sector



Sources: DANE, DAVIbank Economics.

Colombia: August release showed the first annual decline in jobs in 2 years

On September 30th, DANE released the labor market figures for August 2026. The nationwide unemployment rate stood at 9.4%, up from 8.6% in August 2025. In urban areas (13 cities and metropolitan areas), the unemployment rate was 9.1%, increasing from 7.8% a year ago. In seasonally adjusted terms, the nationwide unemployment rate was 9.7%, up 1.4 percentage points (pps) from July's results, marking the highest reading since October 2024. In urban areas, the seasonally adjusted unemployment rate was 9.4%, up 0.9 pps compared to July (Chart 1).

Both nationwide and urban job creation were negative, something not seen since July 2024 (25 months) for total employment and since March 2021 (65 months) for urban areas. Total employment declined by 126 thousand jobs compared with August 2025, including a loss of 188 thousand jobs in urban areas. The contraction was concentrated in Manufacturing (-240 thousand), Leisure (-102 thousand), and Agriculture (-91 thousand) (Chart 2). In contrast, the activities of Commerce, Public Administration and Construction were the main drivers of employment, each creating 150, 96 and 80 thousand respectively compared to one year ago.

Given the high concentration of these sectors in the regions most affected by the August 10th earthquake, particularly Cali, the natural disaster appears to have been a key factor behind the rise in unemployment, which reached its highest August level in two years.

By gender, the male population experienced a loss of 308 thousand jobs, while female employment grew by 183 thousand. For the male population, the main drivers of the fall in employment were Manufacturing (-204 thousand), Agriculture (-196 thousand) and Public services (-196 thousand), offsetting increases mainly in Public administration and Construction. The female population benefited from higher employment in Agriculture (+105 thousand), Commerce +93 thousand) and Public services (+51 thousand) offsetting losses mainly in Leisure and Accommodation and food. Female unemployment stood at 11.6%, while male unemployment was 7.7%, widening the gap to 3.9 pps versus 3.4 pps in July.

Regarding employment quality, the informality rate stood at 54.9%, lower by 0.8 pps compared to August 2025. This is consistent with a rise in public and formal jobs and a decline in domestic and agriculture-related jobs.

The gradual decline in the strenght of the labor market is consistent with a restrictive but stable policy stance from Banrep, keeping the

policy rate at 12.25% for an extended period. Furthermore, the signs of slower job creation, together with the prospect of a reduced public sector contribution, could cloud the labor market outlook and complicate Banrep's policy tradeoffs if the deterioration in 2027 is worse than expected.

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	6.91	5.06
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	3487
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4052	3422	3397
BanRep's rate (%. End of period)	4.25	1.75	3.00	12	13.0	9.50	9.25	12.25	11
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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