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Colombia: Unemployment rate stable amid rebound in participation

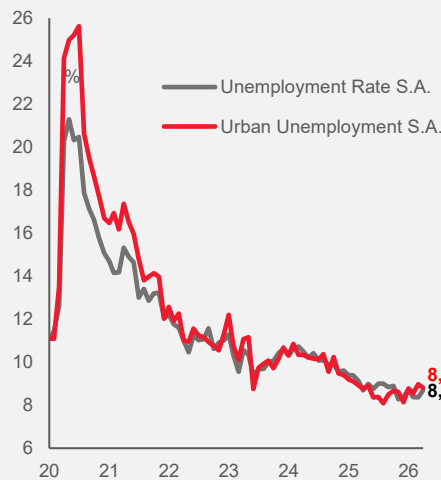
On May 29, DANE reported that the nationwide unemployment rate stood at 8.8% in April 2026, unchanged compared to April 2025. In urban areas (13 cities and metropolitan areas), the unemployment rate also stood at 8.8%, increasing by 0.1 percentage points compared to the previous year. The stability in the unemployment rate occurred in a context where the participation rate rose from 63.7% in April 2025 to 64.7% in April 2026. This increase was absorbed by a significant rise in employment (+701 thousand; +3% year-over-year). **In seasonally adjusted terms, the nationwide unemployment rate stood at 8.7%, increasing from 8.4% in March. In contrast, in urban areas, the unemployment rate declined from 9.0% in March to 8.8% in April (Chart 1).**

The increase in the participation rate reflects a reduction in the number of people outside the labor force, especially among women who were previously engaged in household chores. At the same time, hiring remained very dynamic, allowing the unemployment rate to stay stable. On the employment side, one-third of new jobs came from public administration, continuing the trend observed in previous months. **In the coming months, it will be important to monitor the increase in participation, as it may be driven by the normalization of previous income shocks (e.g., remittances, the agricultural boom, among others).** In a context of higher inflation and rising wages, these factors may be encouraging part of the population to re-enter the labor market.

In April, employment increased by 3% year-over-year (+701 thousand jobs). About 51% of job creation occurred in secondary cities, while major urban areas contributed 37% of the new jobs. **In sectoral terms, public administration (+234 thousand), construction (+153 thousand), and leisure activities (+148 thousand) led job creation.** On the downside, commerce (-85 thousand), IT and communications (-32 thousand), and financial activities (-26 thousand) posted the most significant contractions (**Chart 2**). In the case of commerce, job losses contrast with the still solid performance of the sector, which continues to show double-digit growth in retail sales.

In gender terms, employment creation was concentrated among women (80% of total new jobs), consistent with the increase in female labor force participation. Leisure activities, public administration, and agriculture accounted for 70% of new jobs for women. **The unemployment rate for women stood at 10.9%, while for men it was 7.1%, bringing the gender gap to its lowest level since 2010.**

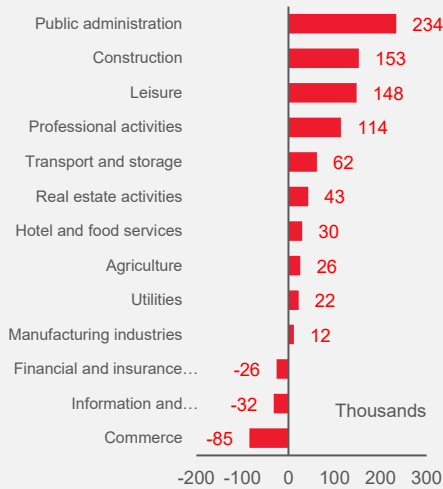
Chart 1. Nationwide and Urban Unemployment s.a. (%).



Sources: DANE, DAVIbank Economics.

Informality declined to 54.2%, improving in rural areas (82.5% vs. 84% one year ago), while in major urban areas it increased slightly to 40.8% (+0.1 percentage points year-over-year). Notably, out of the 701 thousand new jobs created, 506 thousand were formal.

Chart 2. Annual job creation by sector



Sources: DANE, DAVIbank Economics.

Labor market data confirm that job creation remains robust.

However, in the coming months, it will be important to assess how the participation rate evolves and whether it could exert upward pressure on the unemployment rate. For now, employment data support expectations of a more contractionary monetary policy stance, we maintain our call for interest rates closing 2026 at 12%

Macroeconomic forecast DAVIbank Economics Colombia

Forecast	2019	2020	2021	2022	2023	2024	2025pr	2026pr
National Accounts								
Real GDP growth (yearly %)	3,2	-7,2	11,1	7,6	0,9	1,5	2,6	2,7
Domestic demand (y/y. %)	4,0	-7,5	13,8	10,5	-2,3	1,6	3,9	3,4
Consumption (y/y. %)	4,3	-4,3	14,1	9,5	0,7	1,4	4,2	3,5
Private (y/y. %)	4,0	-5,0	15,3	11,1	0,6	1,6	3,4	3,5
Government (y/y. %)	5,5	-0,9	10,3	2,2	1,1	0,0	7,4	3,6
Gross capital formation (y/y. %)	2,5	-21,1	13,4	16,6	-16,3	3,4	7,8	2,8
Exports (y/y. %)	3,3	-22,3	15,7	13,6	3,1	0,3	0,6	0,5
Imports (y/y. %)	7,7	-19,8	28,5	25,0	-9,8	1,3	8,8	3,4
Laboral Market								
Unemployment (%. Average)	10,9	16,7	13,8	11,2	10,2	10,2	8,9	9,8
Balance of Payments								
Trade Balance (USD\$. B)	-14,1	-13,1	-20,0	-16,6	-8,2	-9,77	-14,87	-19,27
Exports (USD\$. B)	51,3	38,2	50,9	73,1	67,8	68,87	71,08	73,16
Imports (USD\$. B)	65,5	51,3	70,9	89,6	76,0	78,63	85,95	92,44
Current account (USD\$ Balance. B)	-15	-9	-18	-21,3	-9,7	-7,412	-10,88	-10,88
Current account (% of GDP)	-4,6	-3,4	-5,6	-6,2	-2,7	-1,8	-2,4	-2,4
Exchange terms (y/y. %)	4,04	-12,62	20,74	5,94	-8,22	8,56	1,46	
Prices. Rates & Exchange Rates								
CPI (y/y. %. End period)	3,80	1,61	5,62	13,12	9,28	5,20	5,10	6,34
CPI (y/y. %. Average)	3,52	2,53	3,49	10,15	11,77	6,63	5,14	5,79
CPI without food (y/y. %. End period)	3,45	1,03	3,44	9,99	10,33	5,60	5,11	7,06
COP (\$. End period)	3297	3422	4077	4850	3902	4405	3780	3918
COP (\$. Average)	3281	3694	3766	4254	4322	4153	4050	3924
BanRep's rate (%. End period)	4,25	1,75	3,00	12	13,0	9,50	9,25	12,00
Tax Codes*								
Net Debt of CNG (% of GDP)	48,4	60,7	60,1	57,6	53,4	59,3	58,5	58,5
Primary Balance of CNG (% del PIB)	0,4	-5,0	-3,6	-1,0	-0,3	-2,4	-3,5	-2,1
Deficit of CNG (% of GDP)	-2,5	-7,8	-7,1	-5,3	-4,3	-6,8	-6,4	-5,1

*Source: Financing Plan 2026.

Source: DAVIbank Economics Colombia.

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