

Economics Colombia

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Colombia: February unemployment reached a historical low amid mixed dynamics.

On March 30, DANE released the labor market figures for February 2026. The national unemployment rate stood at 9.2%, down 1.1 percentage points (ppts) from 10.3% in February 2025. Urban unemployment stood at 9.2%, declining by 0.6 ppts year over year. The nationwide participation rate stood at 64.7%, unchanged from one year ago, indicating that the improvement in the labor market was driven by effective job creation. In seasonally adjusted terms, the nationwide unemployment rate fell from 8.7% in January to 8.4% in February, while in urban areas it declined from 8.8% to 8.5% (chart 1).

In February, the reduction in the unemployment rate was mainly due to stronger job creation in the main cities. In sectoral terms, Professional, Scientific, Technical, and Administrative Services (+250 thousand jobs), and Public Administration, Defense, Education, and Health (+244 thousand jobs) made the largest contributions during the period, together accounting for 71% of total job creation. According to details provided during DANE's technical conference, part of the new jobs may be associated with the typical dynamics of the electoral cycle, which tend to boost demand for advertising-related services. On the negative side, agricultural activities shed 363 thousand jobs, consistent with the sector's loss of momentum as reflected in recent activity indicators. **Additionally, we highlight it is necessary to keep an eye on the commerce, transport and hotels activities, as are demonstrating a significant weakening in job creation dynamics and it could be probably related with labor cost effects.**

All in all, February data point to renewed improvement in the labor market following the weakening signal observed in January. However, the data remain erratic, and it is still too early to assess the impact of the minimum wage increase on employment. That said, the latest figures have not changed our monetary policy expectation. The central bank is expected to continue its tightening cycle, aiming to re-anchor inflation expectations to target. It is worth noting that labor market resilience was one of the factors highlighted by the central bank in its latest Monetary Policy Report, supporting the view that Colombia is no longer facing a trade-off between economic activity and inflation.

Further details about employment data.

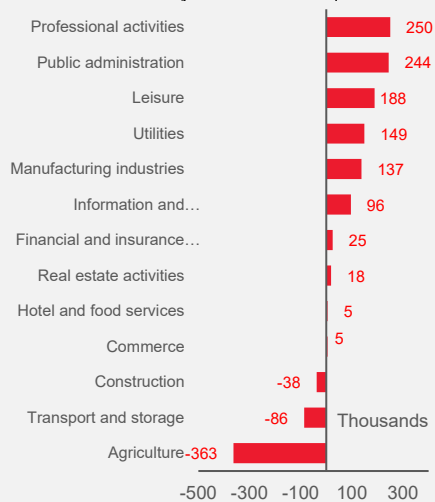
- The participation rate remained unchanged at 64.7% compared to one year ago and approached to pre-pandemic levels (~65%). According to DANE, the increase in the number of people outside the labor force (+176 thousand) was

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



Sources: DAVIbank Economics, DANE.

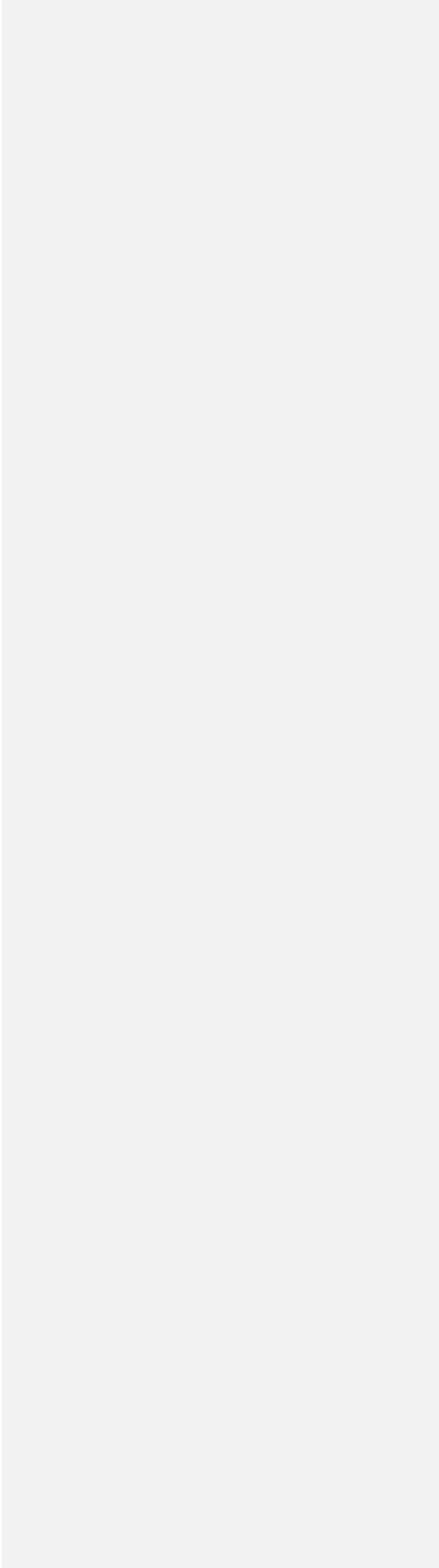
Chart 2: Annual job creation by sector



Sources: DAVIbank Economics, DANE.

not statistically significant, although it was largely explained by women aged over 55, which may point to an expansion of the pensioner population.

- **At the national level, job creation totaled 624 thousand y/y, which still represents a solid performance, although lower than the 977 thousand jobs created one year earlier (February 2025 vs. 2024).** By gender, employment growth was relatively balanced. Women’s employment increased by 3.0% y/y (+296 thousand), while men’s employment rose by 2.4% y/y (+328 thousand), contributing to a narrowing of the gender gap. Unemployment for men stood at 7.4%, compared with 11.7% for women. It is worth noting that job creation for women was concentrated in the category of formal employees, whereas for men the main contribution came from the “employer” category, which DANE defines as individuals who own a business and hire workers.
- **Job creation by sector shows a mixed picture (Chart 2). Employment in key sectors such as commerce, transport, and hotels—which together represent around 32% of total employment and are among the main drivers of GDP growth—is weakening, either through lower job creation or outright contractions, as in the case of transport activities.** These sectors may begin to show greater sensitivity to higher labor costs; in fact, January data already highlighted this as a development worth monitoring. On the negative side we also have, agriculture lost 363 thousand jobs y/y, followed by construction with a decline of 35 thousand jobs.
- **On the positive side, professional services led employment gains (+250 thousand), while public administration, education, and health recorded strong growth (+244 thousand). Since 2022, the former segment has accounted for 22% of total job creation and currently represents 12.8% of total employment (gaining 1ppts of relevance in total employment in the last four years).** As noted earlier, February’s dynamics reflect a combination of continued strong public sector hiring and improved employment linked to election-related services. Finally, we welcome the positive figures posted by manufacturing (representing 11% of total employment in Colombia), as in recent months this sector has shown a favorable response to improved domestic demand through increased hiring (+137 thousand y/y).
- **In terms of quality, informality was 55.3%, below the previous year’s level of 57.6%.** Apparently, the indicator is improving; however, we attribute this to the effect of public sector hiring. Formal employment increased by 814 thousand, more than compensating for the contraction of jobs in the informal sector (–189 thousand). Informality decreased in the agricultural sector especially (from 86.7% to 85.7%), however



it was in a context in which the overall employment is weakening.

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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