

## Economics Colombia

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## Colombia: March unemployment reached a historical low amid mixed dynamics.

On April 30, DANE released the labor market figures for March 2026. The national unemployment rate stood at 8.8%, down 0.8 percentage points (ppts) from 9.6% in March 2025. In the urban area (13 cities and metropolitan areas), the unemployment rate was 9.4%, virtually unchanged from 9.3% one year earlier.

The nationwide participation rate stood at 65.0%, up from 64.7% 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 8.4% in February to 8.3% in March, while in urban areas it moved from 8.5% to 9.0% (Chart 1), a signal to keep an eye on in future readings.

**In March, the reduction in the unemployment rate was mainly driven by stronger job creation in rural areas and small cities.** In sectoral terms, Public Administration, Defense, Education, and Health (+369 thousand jobs) and Financial and Insurance Activities (+239 thousand jobs) made the largest contributions during the period. On the negative side, agricultural activities shed 242 thousand jobs, consistent with the sector's loss of momentum as reflected in recent activity indicators. Additionally, manufacturing registered a contraction of 166 thousand jobs.

As highlighted in previous reports, commerce, transport and hotels activities are under vigilance as probably are indicating the effects of higher labor cost. Particularly in March we observed a recovery in the job creation of commerce (+106 thousand), representing 17.6% of total employment, which could be a signal of still decent domestic demand, while Hotels (+30 thousand / 7.2% of total jobs) and transport (unchanged / 7.3% of jobs) related activities remained weak.

**All in all, March employment data maintains the general positive picture of February.** However, the data remain erratic, and it is still too early to assess the impact of the minimum wage increase on employment. On the other side, as most of the job creation is attributed to the Public Administration, Defense, Education, and Health sector, it will be relevant to monitor how sustainable is given current fiscal situation.

A still strong labor market and robust households' income are compatible with the central bank assessment of a strong domestic demand. As long as we have previous condition the pass-through of higher cost of inputs and labor will be easily transmitted to consumer

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



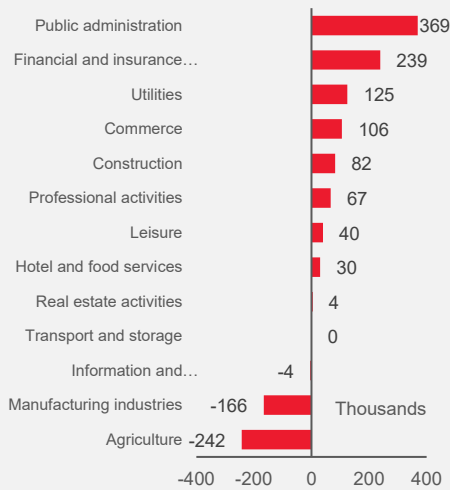
Sources: DANE, DAVIbank Economics.

prices, which remains a challenge for the central bank that in the last Friday paused its tightening cycle.

### Further details about employment data

- The participation rate increased to 65.0% compared to 64.7% one year ago, approaching pre-pandemic levels (~65%).
- At the national level, job creation totaled 650 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 2.6% y/y (+354 thousand). Unemployment for men stood at 7.1%, compared with 11.0% for women, with a gap of 3.9 ppts.
- 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 — is weakening. On the positive side, Public Administration, Defense, Education, and Health led employment gains (+369 thousand), followed by Financial and Insurance Activities (+239 thousand).
- In terms of quality, informality was 55.6%, below the previous year's level of 57.7%. Formal employment increased by 787 thousand, more than compensating for the contraction of jobs in the informal sector (–138 thousand).

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
<b>National Accounts</b>								
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
<b>Laboral Market</b>								
Unemployment (%. Average)	10,9	16,7	13,8	11,2	10,2	10,2	8,9	9,8
<b>Balance of Payments</b>								
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	
<b>Prices. Rates &amp; Exchange Rates</b>								
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
<b>Tax Codes*</b>								
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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