

Labor Market

17 March 2023

Challenging scenario this year

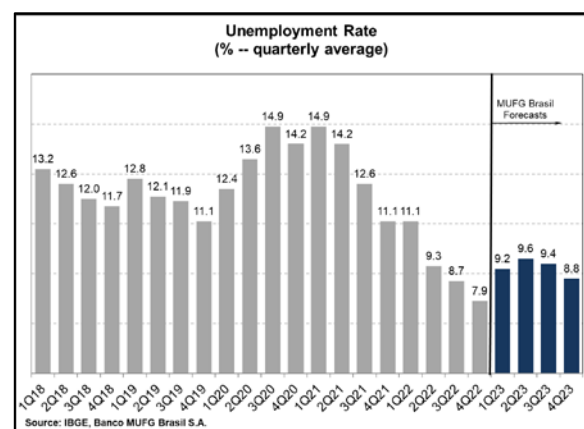
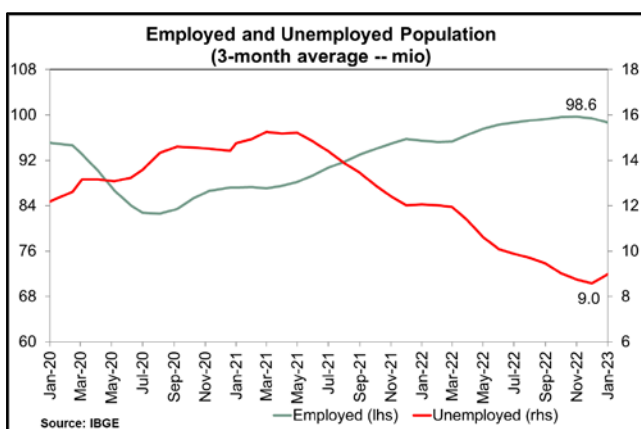
What happened

Unemployment rate came at 8.4% in the average from November 2022 to January 2023, coming worse than the median of market expectation of 8.2%. It was the lowest unemployment rate for this period since 2015 (6.9%).

The employed population was at 98.6 million, decreasing 1.0% (-1 million people) compared to the previous quarter, but showed an increase of 3.4% (+3.2 million) over the December figure. The unemployed population was at 9.0 million, remaining stable compared to the previous quarter, and dropped by 25.3% (-3 million) compared to the previous reading.

There were 66.3 million people out of the labor market, and 4.0 million of discouraged workers (those who gave up searching jobs).

The average real monthly income was at BRL 2,835, growing 1.6% versus previous 3 months, and the real payroll was at BRL 275.1 billion, remaining stable compared to the previous quarter.



Our expectation

January data came in line with the seasonal impact of dismissals of temporary workers hired for the yearend period. The following readings might continue showing high rates with an average unemployment rate of 9.2% expected for the 1Q23. Given the economic slowdown, the rate might peak 9.6% in average in the 2Q23.

For the second half, we are working with a slight reduction of the unemployment rate given a slight better economic perspective once the Central Bank might start cutting the interest rate in August. Additionally, the last quarter is seasonally positive for the labor market as of the Christmas period.

For the whole 2023, we expect average unemployment rate at 9.3%, so at the same level of last year. That is because we don't expect a large wave of new people looking for jobs.

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