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Latam Daily: Small Peru CPI Miss Ahead of US Jobs; Colombia Employment Recap

- **Colombia: Job creation shows better performance in September**

It's All Saints Day around the globe (including Chile and Peru) but it's US Jobs Day for markets as today we get the last major data that could materially shape trading sentiment until Tuesday's US elections. After an uneventful Asia session—where not much happened aside from a Chaixin Chinese manufacturing PMIs beat—we've also had a fairly quiet European morning after a decent miss in Swiss CPI that has markets pricing in about a 50% chance of a 50bps cut at the SNB's December meeting.

Overall risk sentiment looks in a good place, although part of this may just be a reversal of a harsh October end where the Nasdaq lost close to 3% and the SPX shed close to 2% on Thursday; futures for these key US indices are only up about 0.5% each today. Amazon beat expectations in earnings results published yesterday, trading about 6.5% higher since the close to help the overall US equities mood against a small 1% drop in Apple shares on some disappointing numbers where Chinese weakness was the stand-out. UK and Eurozone key bourses are up about the same as US futures, 0.6%.

Gilts are starting the month the same way that they ended October, hurting from Wednesday's Budget, with a 2/3bps cheapening across the curve that lags Germany from 2bps richer 2s to 4bps cheaper 30s. USTs are only slightly offered by 0.5–1.5bps with the belly somewhat underperforming. In commodities, Brent briefly rose above the \$75/bbl level on the back of reports that Israeli intelligence believes Iran is planning a major retaliatory strike via militias/proxies in Iraq. The 2.5% rally in oil prices is joined by a decent 0.5% rise in copper prices, but iron ore is shedding 1.5%.

As for currencies, the MXN failed to hold gains that had the peso trading sub-20 against the USD, as the big dollar trading stronger against practically all currencies (only the MXN and GBP are up 0.1%) and the most against the JPY and CHF that remain at the mercy of diverging rate paths and rising US yields. All in all, the MXN's 0.2% decline for the week is relatively contained against a backdrop of more and more fast-tracked reforms in Mexican Congress that may be weakening sentiment regarding Mexican assets; the BMV's 2.2% decline since Friday is about 1ppt more than that of the SPX.

The Latam day ahead has Mexican unemployment rate and Brazilian industrial production data at 8ET that should be easily buried, as far as market moves go, under the impact of the US employment report out at 8.30ET—where hurricane and strike effects are expected to depress job gains. Banxico's economists survey results due at 11ET are also worth a look, as are September remittances out at the same time (S&P PMIs for Mexico at 11ET are usually ignored). Colombian markets open today to react to yesterday's 50bps BanRep cut that was accompanied by an end to the bank's FX reserves accumulation programme (see [Latam Flash](#) for our Bogota team's take).

The release of Peru CPI at 11ET will be of interest only for the drivers of the move in prices, as this morning's official journal reports that Lima CPI fell by 0.09% m/m, giving us a 2.00% y/y reading (vs 0.02% m/m and 2.13% y/y Bloomberg medians). The INEI's report will give us some valuable information on core inflation trends, but the external market environment (stronger USD, higher US yields) and US political uncertainty that will likely prevail by next Thursday's BCRP meeting means officials will hold off on additional cuts for now, and only choose to resume easing by 25bps after three meetings at 5.25%.

—Juan Manuel Herrera

COLOMBIA: JOB CREATION SHOWS BETTER PERFORMANCE IN SEPTEMBER

On October 31st, DANE published labour market data for September. The national unemployment rate was 9.1%, down 0.1 ppts from 9.3% in September 2023. The urban unemployment rate also fell by 0.5 ppts and stood at 9.2% compared to 9.6% in September 2023. Seasonally adjusted, the national unemployment rate fell to 9.8% compared to the previous month, down from 10.0% in the same period last year, while the urban unemployment rate fell by 0.5 ppts compared to August 2024 and reached 9.6% (chart 1).

The labour market seems to be adapting to pre-pandemic behaviour, with average job creation not exceeding 200 thousand jobs. In September, +107 thousand jobs were created, concentrated mainly in professional activities (+176 thousand), hotels and food services (+137 thousand) and agriculture (+97 thousand), which, however, generally respond to the temporary vacation periods that encourage job creation, which is also reflected in economic activity (chart 2).

If we take a three-month moving average of job creation, we can see a slowdown. In the period from July to September 2023, job creation averaged 948 thousand, compared to 128 thousand in July to September 2024, leading us to believe that job creation is slowing further and that the job creation in September could be due to temporary events.

On a seasonally adjusted basis, unemployment has improved compared to the previous month. The unemployment rate for the country fell to 9.8% in September, and in urban areas it fell from 10.2% in August to 9.6% in September. This shows the better performance in job creation to cover the greater entry of people into the labour market, however, the number of people outside the labour market has increased by more than 200 thousand people in the last two months.

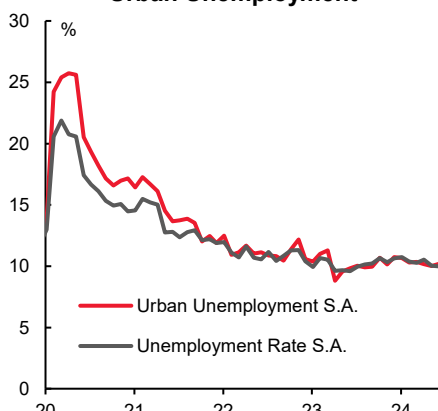
Instead, despite the improved employment trend in September, job creation remains weak, reflecting slower momentum in more labour-intensive sectors such as construction and manufacturing. We continue to believe that these activities still need a stronger boost to reach pre-pandemic levels, as high interest rates and the lack of investment continue to hinder greater dynamism, emphasizing that these activities contribute to the entire production chain in Colombia.

Key information on employment data:

- **In September, +107 thousand jobs were created, with 6 of the 13 economic sectors recording positive changes.** Job creation was concentrated in services and primary sectors, including professional activities (+176 thousand), hotel and food services (+137 thousand), and agriculture (+97 thousand). On the negative side, transportation (-114 thousand), information and communication (-99 thousand) and financial services (-53 thousand) were the economic sectors that lost the most jobs, without forgetting construction, which also lost -32 thousand and maintained this negative trend in job creation over the last four consecutive months.
- **In September, job creation had a high formal component.** In this period, total job creation was formal with +179 thousand jobs entering the labour market in formal conditions. This scenario was countered by the destruction of 72 thousand jobs in informal conditions. In this context, the informality rate decreased slightly compared to the same period of the previous year, from 56.1% to 55.6%, indicating a better performance domestically. However, the quality of employment in urban areas has deteriorated, with the informality rate rising from 41.5% in September 2023 to 42.2% in September 2024.
- **The male population has created more jobs which contrasts with the decline in female jobs.** In September, men created +175 thousand new jobs, of which +415 thousand were in the private sector, offset by the destruction of jobs in the self-employed, employer and government employee sectors (-227 thousand). The female population lost -68 thousand jobs, with the loss of -208 thousand jobs in the private sector and greater job creation in unpaid domestic work (+169 thousand).

Chart 1

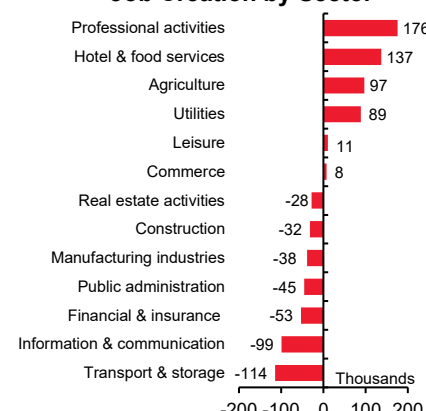
Colombia: Nationwide & Urban Unemployment



Sources: Scotiabank Economics, DANE.

Chart 2

Colombia: Annual Job Creation by Sector



Sources: Scotiabank Economics, DANE.

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