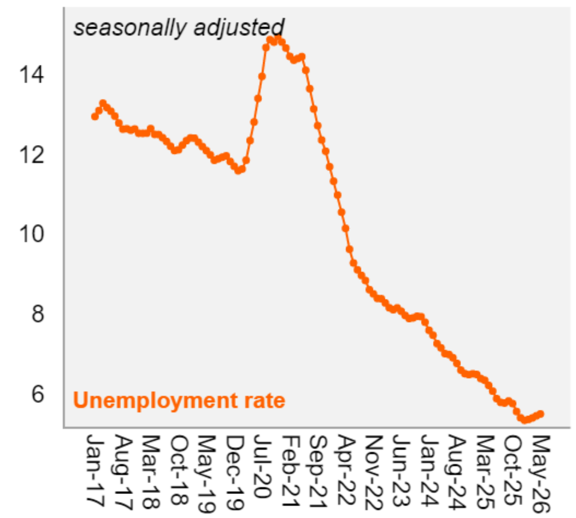
Macro Brazil

Friday, June 26, 2026

Unemployment rate advanced to 5.5% s.a. in May

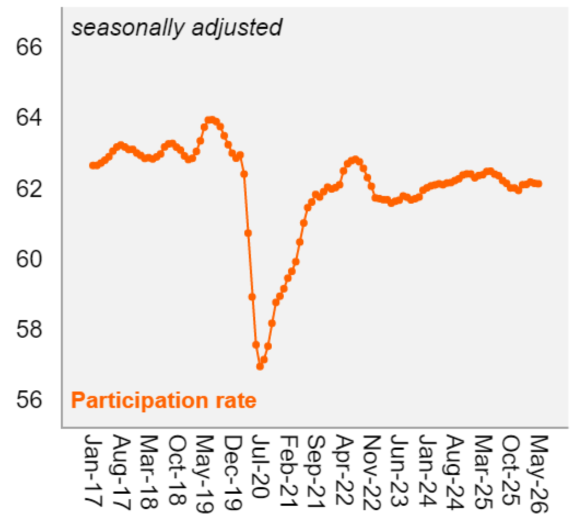
- In the quarter ended in May, the unemployment rate reached 5.6%, matching both our call (5.6%) and market forecast (5.6%). Seasonally adjusted (our estimates), the unemployment rate advanced to 5.5%, from 5.4% in the quarter ended in April.
- The unemployment rate moved up due to marginal changes in both employment and the labor force. The participation rate was unchanged at 62.1%, reflecting the stability of the labor force and the rise of the working age population (+0.1% mom/sa). Formal employment contracted (-0.1%), while informal employment expanded (+0.2%).
- The effective real wage bill fell 0.4%, driven by the contraction of wages (-0.2% mom/sa) while employment was virtually unchanged.
- **Our view:** Today's data came in line with expectations, showing early signs of stabilization. The unemployment rate edged up slightly to 5.5% from 5.4% (seasonally adjusted). Beyond the headline, formal employment underperformed, while informal employment mitigated a more pronounced increase in unemployment, as the labor force participation rate remained stable. Real effective wages posted their first decline since August last year, also coming in below our expectations. Overall, the data suggests that, while the labor market remains at historically tight levels, it is starting to show some signs of softening. Looking ahead, we expect the labor market to stabilize rather than continue improving, but without a sharp deterioration, with the unemployment rate reaching 5.7% by year-end.

Unemployment rate advanced to 5.5% s.a. in May



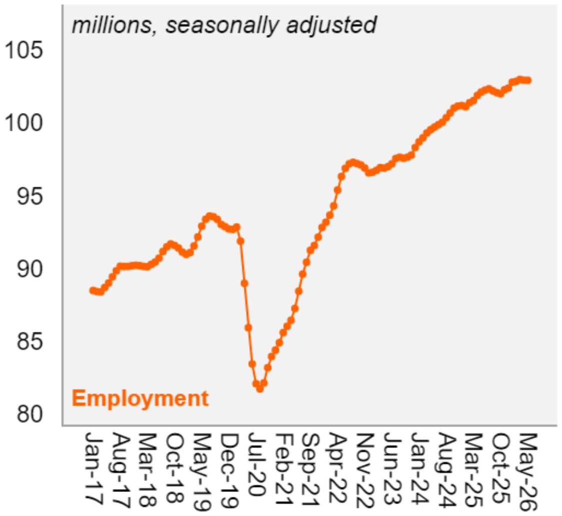
Source: IBGE, Itaú

Participation rate was stable



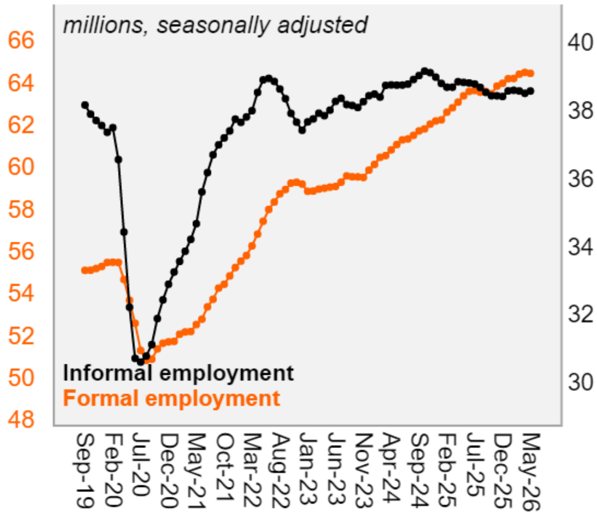
Source: IBGE, Itaú

Employment declined



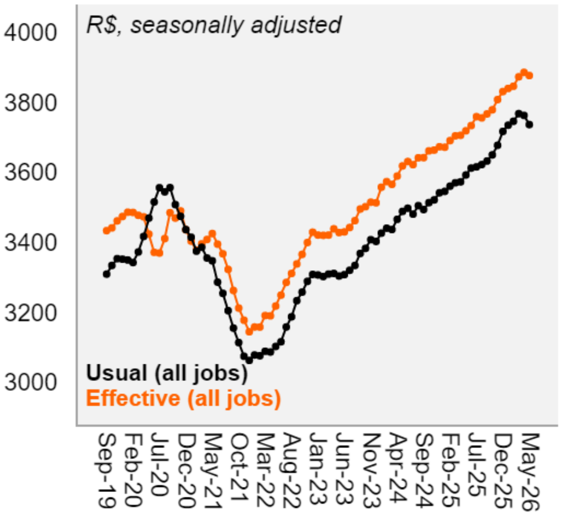
Source: IBGE, Itaú

Formal vs. informal employment



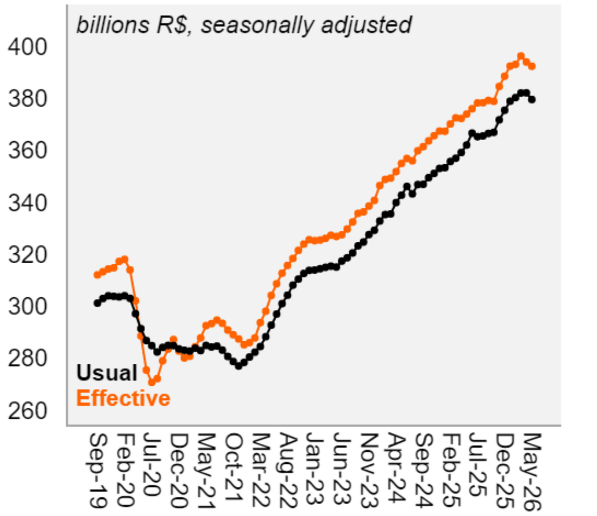
Source: IBGE, Itaú

Real wages



Source: IBGE, Itaú

Real wage bill (all jobs)



Source: IBGE, Itaú

PNAD (IBGE)	Rate (s.a.)			YoY		
Breakdown	Mar-2026	Apr-2026	May-2026	Mar-2026	Apr-2026	May-2026
Unemployment rate	5.4%	5.4%	5.5%	-0.9p.p.	-0.8p.p.	-0.6p.p.
Participation rate	62.2%	62.1%	62.1%	-0.2p.p.	-0.3p.p.	-0.3p.p.

Source: IBGE, Itaú

PNAD (IBGE)	Vs. the quarter ended in the previous month (s.a.)			YoY		
Breakdown	**Mar-2026**	**Apr-2026**	**May-2026**	**Mar-2026**	**Apr-2026**	**May-2026**
Labor Force	0.2%	0.0%	0.0%	0.4%	0.2%	0.2%
Employment	0.1%	-0.1%	-0.0%	1.5%	1.1%	0.8%
Formal Employment	0.3%	0.1%	-0.1%	2.5%	2.2%	1.7%
Informal Employment	-0.1%	-0.2%	0.2%	-0.3%	-0.9%	-0.6%
Real usual wages (all jobs)	0.6%	-0.1%	-0.7%	5.5%	5.3%	4.0%
Real effective wages (all jobs)	0.7%	0.3%	-0.2%	4.7%	4.9%	4.2%
Real effective wage bill (all jobs)	0.8%	-0.6%	-0.4%	6.2%	6.0%	5.0%

Source: IBGE, Itaú

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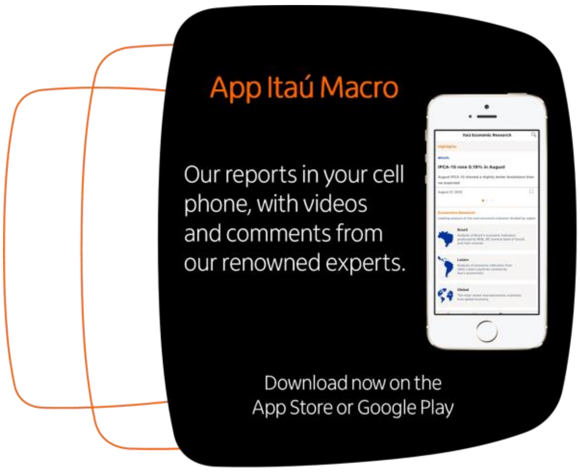

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