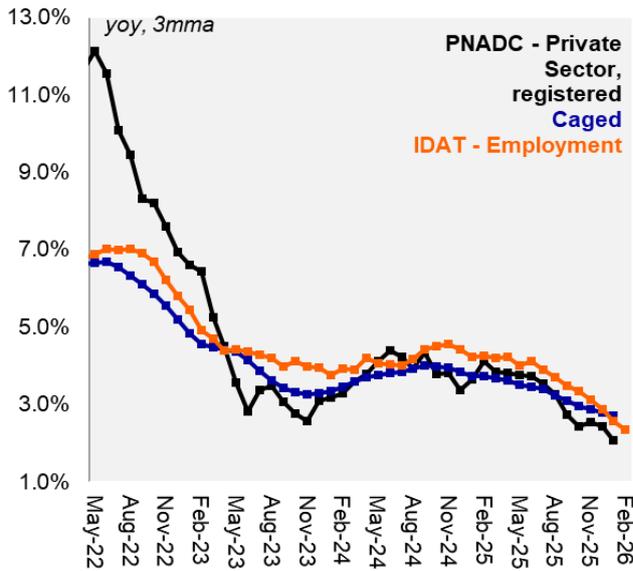


IDAT-Employment and Wage: employment growth slowed in the three-month moving average in February

- ▶ In February, the IDAT-Employment index, which measures the year-over-year change in the stock of formal private-sector employment, continued to decelerate in the three-month moving average (a smoother measure and better suited for periods of higher volatility) reaching 2.4%, down from 2.6% in the previous month. The year-over-year growth rate at the margin also declined, to 1.9% from 2.3%. At the margin, seasonally adjusted data indicate that the employed population fell 0.2% compared to the prior month.
- ▶ The IDAT-Wage index, which estimates the year-over-year change in the average nominal wage of formally employed private-sector workers, recorded a sharp deceleration to 1.6% in February, from 3.1% in the previous month. It is worth noting that this result should be interpreted with caution: Carnival in 2025 took place in early March, leading several firms to bring forward payments to February, which introduced a downward distortion in wage growth for the period. In the 3-month moving average, wages also decelerated to 3.9%, from 5.1% in the prior month.
- ▶ **Methodological note:** Data in this edition reflect an update to the IDAT Labor Market methodology. The indicator now considers only firms with continuous operations over the past 13 months, comparing the same set of corporate tax IDs (CNPJs) between t and t-12, thereby isolating organic employment growth. In addition, we introduced a filter to control for atypical firm-level turnover events¹. Firms exhibiting extreme workforce reductions are treated as outliers, as they distort sectoral averages and undermine the representativeness of the indicator. The filter preserves negative variations within an adjustment band, ensuring that the indicator captures movements consistent with underlying economic conditions.
- ▶ **Our view:** IDAT-Employment continued to decelerate in February, both at the margin and on a three-month basis. Wages are also slowing, even in the three-month moving average, following a more pressured year-end. These results point to a labor market that remains tight, but with early signs of deceleration.

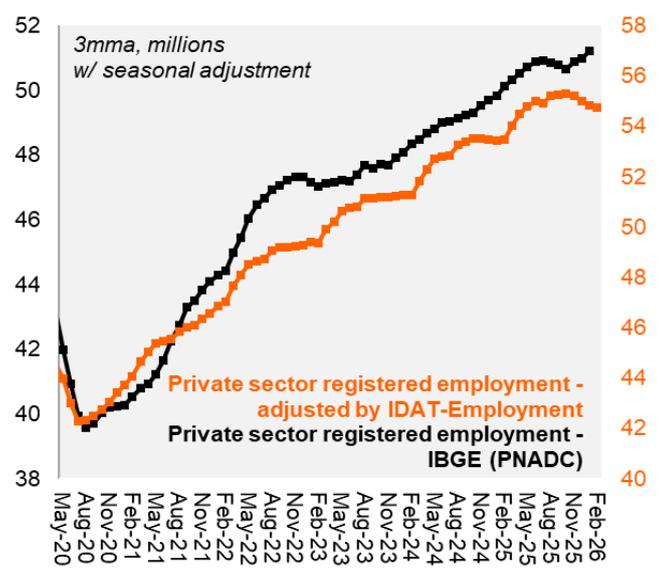
¹ Excludes firms exhibiting annual employment declines greater than 95%.

IDAT-Employment¹ decelerated in the 3-month moving average...



Source: IBGE, Ministry of Labor, Itau

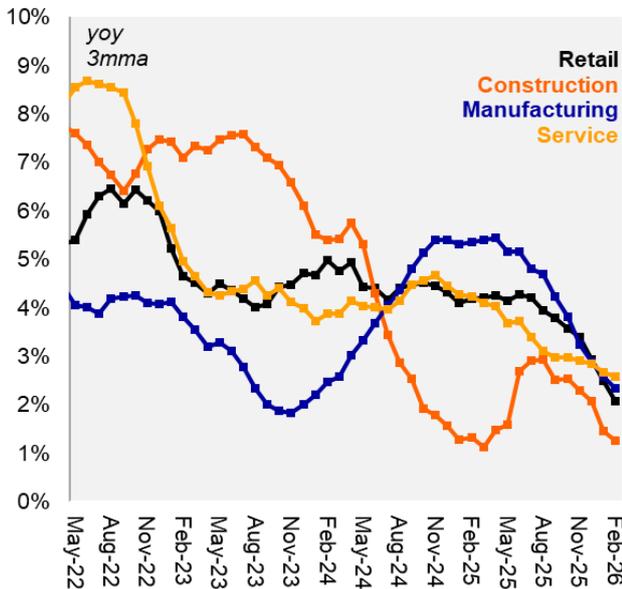
... with the employed population falling 0.2% at the margin



Source: IBGE, Itau

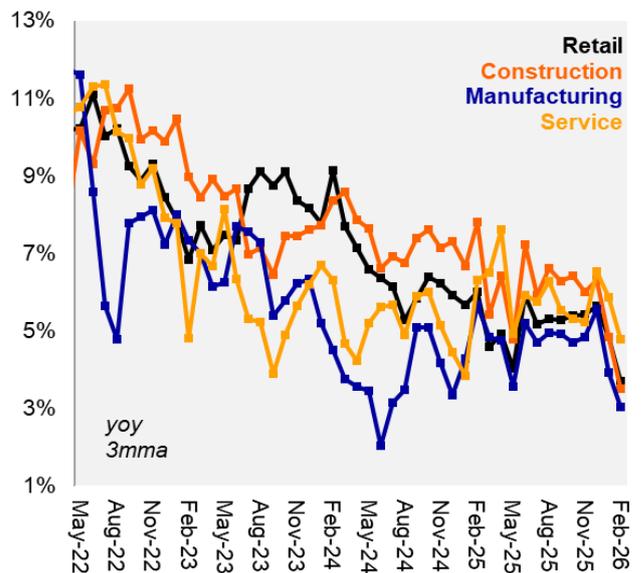
¹ Proprietary indicators on the Brazilian labor market based on payroll processing for Itau's business clients. For more information, check out our reports [IDAT-Employment](#) and [IDAT-Wage](#).

All sectors showed a deceleration in employment



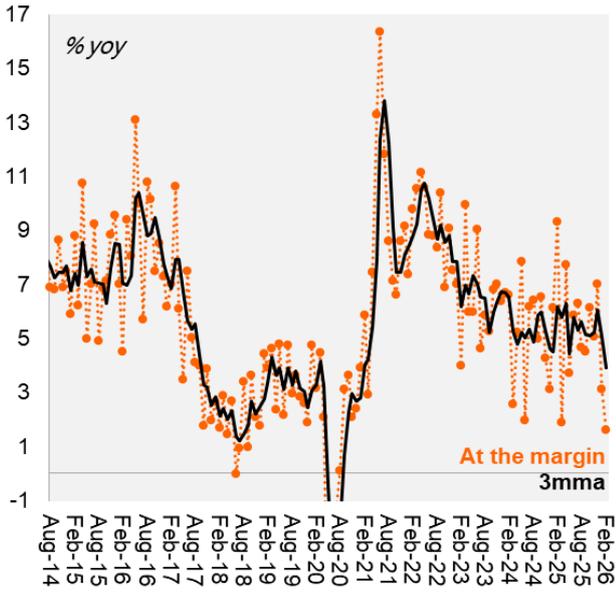
Source: IBGE, Ministry of Labor, Itau

In terms of wages, sectors also decelerated in the three-month trend



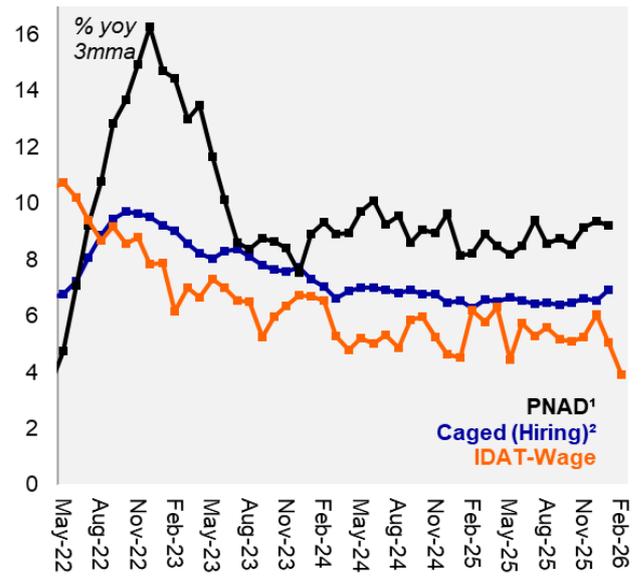
Source: IBGE, Ministry of Labor, Itau

IDAT-Wage decelerated at the margin...



Source: IBGE, Ministry of Labor, Itaú

... and in the 3-month moving average



Source: IBGE, Ministry of Labor, Itaú

¹ Effective income from all jobs

² Changes are based on the median, starting in 2020

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