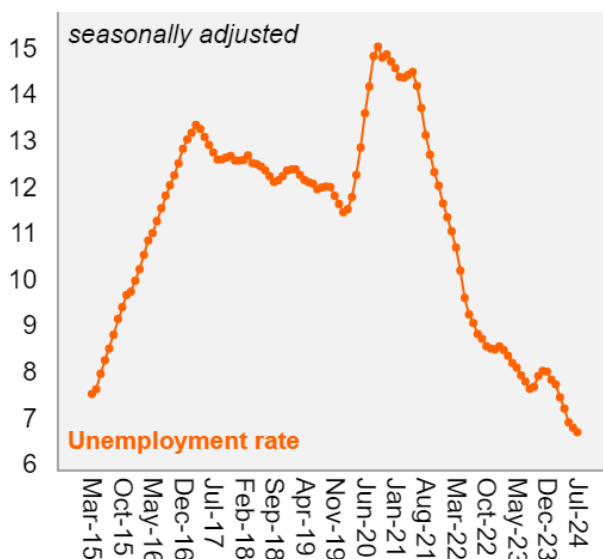


## Unemployment rate declined to 6.7% s.a. in July

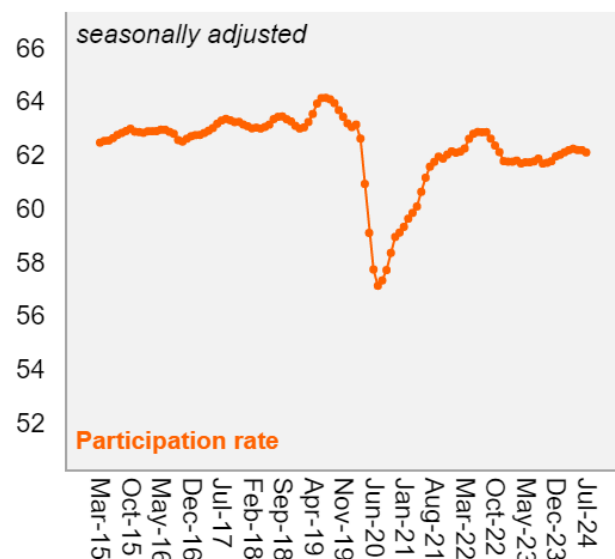
- ▶ In the quarter ended in July, the unemployment rate reached 6.8%, in line with market forecast (6.8%) and below our call (6.9%). Seasonally adjusted (our estimates), the unemployment rate declined to 6.7%, from 6.8% in the quarter ended in June.
- ▶ The fall in the unemployment rate was the result of a reduction in the participation rate (-0.1 p.p. to 62.1%), while employment (formal and informal) remained stable.
- ▶ The effective real wage bill fell 0.3%, driven by the contraction of wages (the 1<sup>st</sup> decline since May-2023).
- ▶ **Our view:** despite the drop in the unemployment rate, data released today does not show further improvement in the job market. The decline in unemployment was driven by a drop in the participation rate, not by greater job creation. Effective real wages interrupted the sequence of increases observed in recent months and the wage bill fell for the first time since May last year. We believe that the lows in the unemployment rate must have been reached in the middle of the year and it should begin to rise, although timidly in the coming quarters – in line with some slowdown in the economy.

Unemployment rate declined to 6.7% s.a. in July



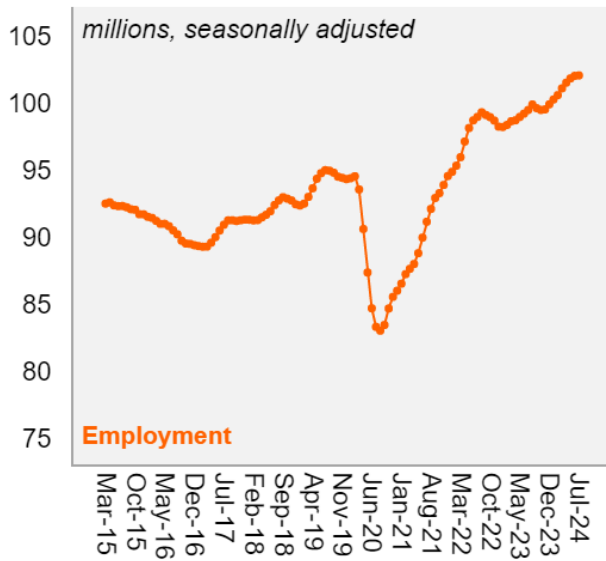
Source: IBGE, Itaú

Participation rate declined



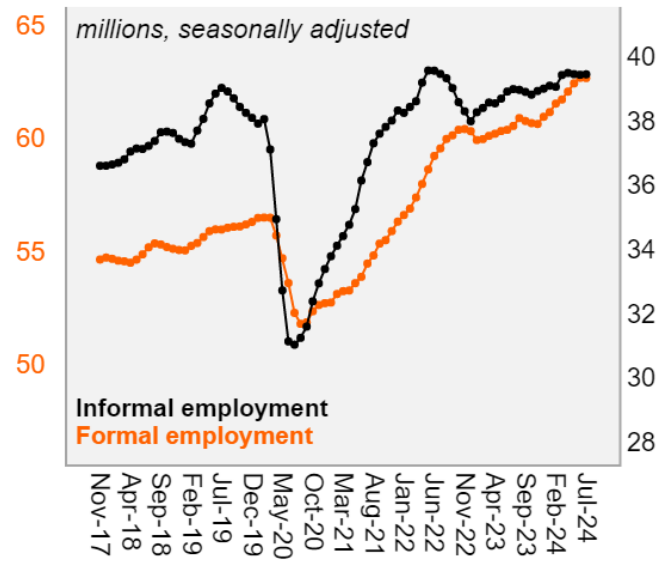
Source: IBGE, Itaú

**Employment moved up**



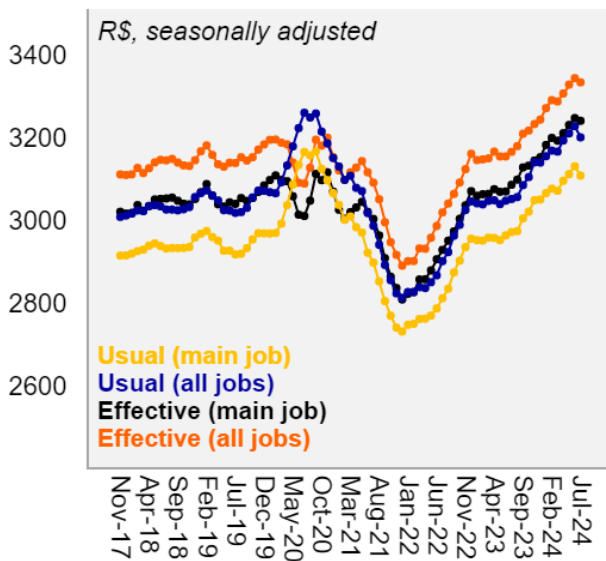
Source: IBGE, Itaú

**Formal vs. informal employment**



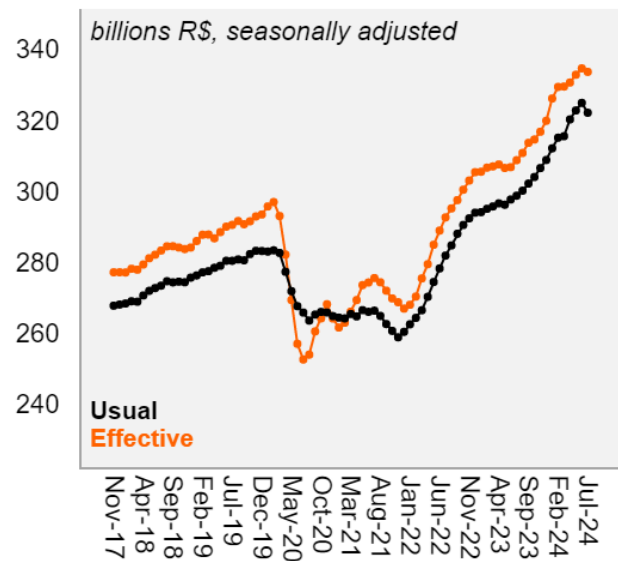
Source: IBGE, Itaú

**Real wages**



Source: IBGE, Itaú

**Real wage bill (all jobs)**



Source: IBGE, Itaú

PNAD (IGBE)	Rate (s.a.)			YoY		
	May-2024	Jun-2024	Jul-2024	May-2024	Jun-2024	Jul-2024
<b>Breakdown</b>						
Unemployment rate	6.9%	6.8%	6.7%	-1.2p.p.	-1.1p.p.	-1.1p.p.
Participation rate	62.2%	62.2%	62.1%	0.5p.p.	0.5p.p.	0.4p.p.

Source: IBGE, Itaú

PNAD (IGBE)	Vs. the quarter ended in the previous month (s.a.)			YoY		
	May-2024	Jun-2024	Jul-2024	May-2024	Jun-2024	Jul-2024
<b>Breakdown</b>						
Labor Force	-0.0%	0.1%	-0.1%	1.6%	1.7%	1.5%
Employment	0.3%	0.2%	0.0%	3.0%	3.0%	2.7%
Formal Employment	0.6%	0.4%	-0.0%	3.5%	3.9%	3.6%
Informal Employment	-0.1%	-0.1%	0.0%	2.1%	1.5%	1.3%
Real usual wages (all jobs)	0.5%	0.5%	-0.8%	5.6%	5.8%	4.8%
Real effective wages (all jobs)	0.6%	0.5%	-0.3%	5.5%	6.1%	5.2%
Real effective wage bill (all jobs)	0.7%	0.5%	-0.3%	8.9%	9.5%	8.3%

Source: IBGE, Itaú

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