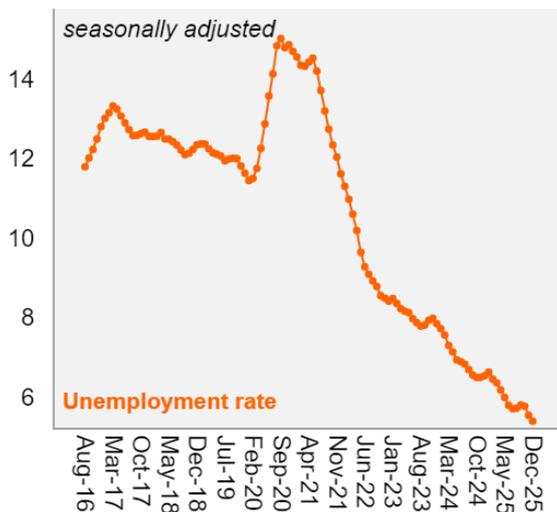


Unemployment rate declined to 5.4% s.a. in December

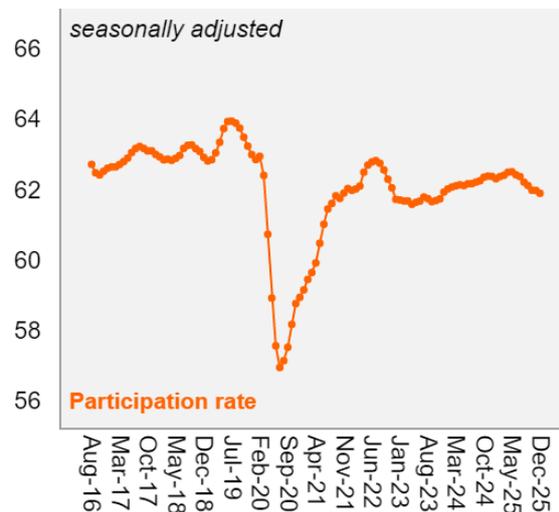
- ▶ In the quarter ended in December, the unemployment rate reached 5.1%, in line with market forecast (5.1%) and below our call (5.2%). Seasonally adjusted (our estimates), the unemployment rate fell to 5.4%, from 5.5% in the quarter ended in November.
- ▶ The unemployment rate fell due to the expansion of employment (+0.1% mom/sa), combined with a contraction of the labor force (-0.1% mom/sa). The participation rate fell 0.1p.p. to 61.9%, reflecting the contraction of the labor force and the rise of the working age population (+0.1% mom/sa). Formal employment expanded (+0.2%), while informal employment contracted (-0.1%).
- ▶ The effective real wage bill moved up 1.2%, driven by stronger employment figures combined with rising wages (+0.7% mom/sa).
- ▶ **Our view:** Today's data came in as expected by the market, revealing a still-resilient labor market. The unemployment rate fell to 5.4%, from 5.6% in the seasonally adjusted series, once again reaching a historical low. The movement was driven by the increase in formal employment and a slight decline in the labor force participation rate, despite the small contraction in the informal sector. Real effective wages rose 0.7pp, further underscoring the continued momentum in the labor market. With the expected slowdown in economic activity, we anticipate a rise, albeit a modest one, in unemployment this year, reaching 5.7% by the end of 2026.

Unemployment rate fell to 5.4% s.a. in December



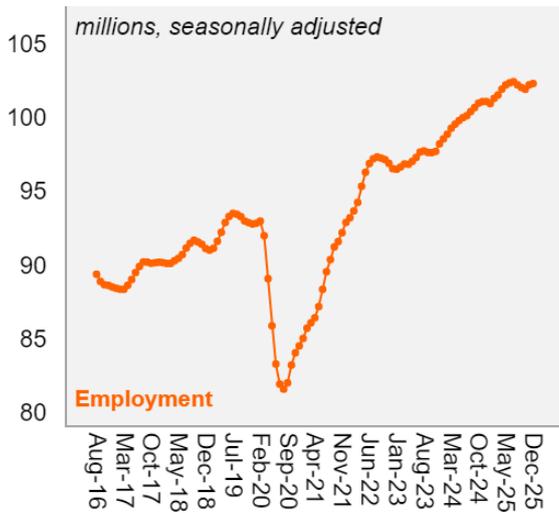
Source: IBGE, Itaú

Participation rate declined

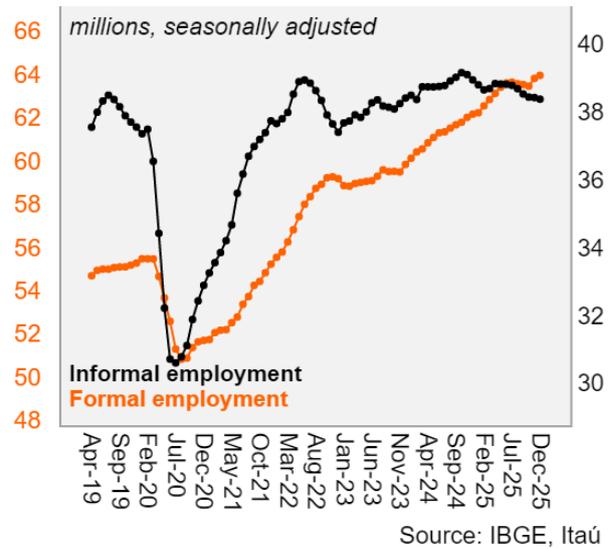


Source: IBGE, Itaú

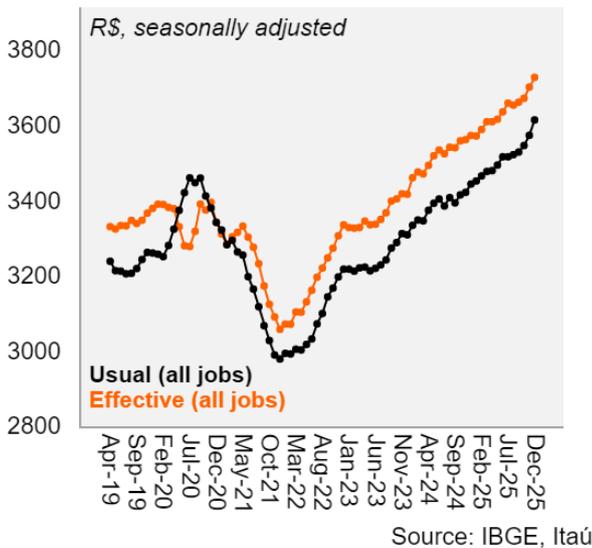
Employment moved up



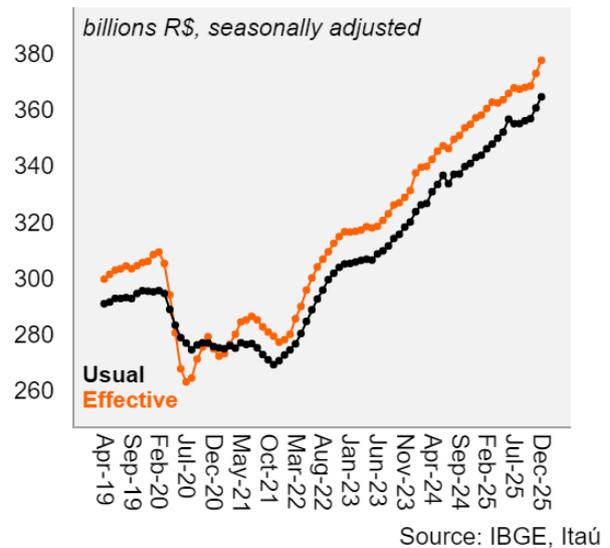
Formal vs. informal employment



Real wages



Real wage bill (all jobs)



PNAD (IGBE)	Rate (s.a.)			YoY		
	Oct-2025	Nov-2025	Dec-2025	Oct-2025	Nov-2025	Dec-2025
Breakdown						
Unemployment rate	5.8%	5.5%	5.4%	-0.7p.p.	-0.9p.p.	-1.1p.p.
Participation rate	62.0%	62.0%	61.9%	-0.4p.p.	-0.4p.p.	-0.5p.p.

Source: IBGE, Itaú

PNAD (IGBE)	Vs. the quarter ended in the previous month (s.a.)			YoY		
	Oct-2025	Nov-2025	Dec-2025	Oct-2025	Nov-2025	Dec-2025
Breakdown						
Labor Force	-0.2%	0.1%	-0.1%	0.1%	0.1%	-0.0%
Employment	-0.1%	0.3%	0.1%	0.9%	1.1%	1.1%
Formal Employment	-0.1%	0.6%	0.2%	2.7%	2.9%	2.8%
Informal Employment	-0.2%	-0.0%	-0.1%	-1.8%	-1.8%	-1.5%
Real usual wages (all jobs)	0.5%	0.8%	1.1%	3.8%	4.5%	5.0%
Real effective wages (all jobs)	0.3%	0.8%	0.7%	3.2%	4.0%	4.4%
Real effective wage bill (all jobs)	0.1%	1.2%	1.2%	4.3%	5.2%	5.7%

Source: IBGE, Itaú

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