**DOF Economic Bulletin on Labor**

18 June 2015

         Unemployment rate for the quarter slid to 6.4% from 7.0% last year.

         April 2015 data show that the economy created half a million jobs compared to the same quarter last year. The services sector employ more than half of the labor force; the  agriculture sector continues to decline slowly to 29.3%, while industry sector barely budged at 16%.

         About half of those unemployed belong to the youngest cohort (15-24 years old) of the labor force. This may be explained by influx of fresh graduates into the labor market.

         The quality of employment improved with the underemployment rate declining from 18.2% to 17.8%. About 41% of them belong to the agriculture sector.

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| ***LABOR STATISTICS*** |
|   | ***Apr-15*** | ***Apr-14*** | ***Change*** |
| Employed ('000) | 39,159 | 38,664 | 495.00 |
| Sector (%) |  |  |  |
| Agriculture | 29.3 | 30.7 | (1.40) |
| Industry | 16.5 | 16.4 | 0.10 |
| Service | 54.2 | 52.8 | 1.40 |
|  |  |  |  |
| Unemployed ('000) | 2,681 | 2,924 | (243.00) |
| Underemployed ('000) | 6,983 | 7,027 | (44.00) |
|  |  |  |  |
| Unemployment Rate | 6.4 | 7.0 | (0.60) |
| Underemployment Rate |                 17.8 | 18.2 | (0.40) |
| Source: NSO |  |  |  |

**DOF View**

         The agriculture sector is the least efficient sector –making up a third of the labor force while contributing only 10.3% to GDP. It also comprises a large bulk of the  underemployed. These observations maybe a signal to either: a) channel out workers of that sector to other sectors by creating more non-agriculture alternatives, or b) establish the necessary institution and/ or infrastructure to make them more productive.

         The industry sector has been showing a lot of potential in terms of growth and GDP share and should be taken advantage of. Investments in this sector should be encouraged to boost employment and production. In particular, agro-industry is encouraged for farmers to move up the value chain thereby increasing their productivity.