From Federal Reserve bank, we obtained the quarterly and non-seasonally adjusted data of unemployment rate and real GDP of Mexico. The dataset of the unemployment rate of Mexico covers the period from 1987Q1 to 2017Q4 (The plot shown below):

Based on International Labor Office (ILO) definition, the unemployment rate is measured as the number of unemployed people as a percentage of the total number of people employed and unemployed. In order to be considered as unemployed person, an individual aged between 15 and 74 must have the following three characteristics: 1). unemployed during the reference week; 2). available to start work in the next two weeks; 3). have been actively seeking jobs in the past four weeks or have already found a job starting within the next three months. The unemployment rate of Mexico decreased steadily with small fluctuations from the beginning of 1987 to the end of 1993. Starting from 1994Q1, however, the unemployment rate showed an upward trend and it reached its peak at 7.4% in 1995Q3. Since then, the unemployment dropped significantly to the lowest point at 2.2% in 1999Q4. The unemployment then shifted upward and reached another local maximum at 6.3% in 2009Q4. From 2015Q1 to 2017Q4, the unemployment of Mexico had an overall decreasing trend.

The dataset of real gross domestic product (GDP) of Mexico starts from 1993Q1 to 2017Q4 (The plot shown below).

In this project, we used real GDP instead of nominal GDP because real GDP is the total value produced using constant prices and, therefore, eliminates the effect of price changes over time. Nominal GDP, however, uses the prices and quantities in a given time period to measure the total value of production in an economy over that certain time. Thus, real GDP is a more accurate measure of changes in the output level of an economy. Real GDP of Mexico has an overall upward trend with small deviations.