

## Labour Market

- **Improved balance of labour market**

The continued increase of employment accompanied by reducing unemployment constituted an important event on the labour market. The wage growth in 2006 accelerated.

- **Number of employed persons increased**

The employment rate of the aged 15 - 64 in 2006 increased, compared to 2005, by 0.5 p.p. to 65.3 %, the highest rate was recorded in Q4 with the value of 65.6 %. Total employment increased by 64 thousand persons year-on-year. It was the second growth year, this time the growth rate amounted to 1.3 % (1.2 % in 2005). In Q4 the employment reached 4 861.5 thousand persons. The last higher number was recorded in Q2 of 1998. In 2006 increments were recorded by employees, as well as by entrepreneurs. After a drop in 2005 the number of entrepreneurs began to grow from Q2 2006 and in Q4 it contributed to the aggregate employment increase by more than one half. The share of entrepreneurs in the total employment in Q4 increased to 16.2 %. The number of employees (including members of production cooperatives) grew mostly in the industrial sector, while an increased number of entrepreneurs (including engaged relatives) was recorded mostly by the sector of services. Of the individual branches the highest growth belonged to manufacturing (5.0 %), followed by real estate, renting and business activities. The most significant drop was recorded by construction (4.8 %). The number of persons with subsidiary employment, mostly entrepreneurs with no employees, dropped by 11.4 thousand to 103.6 thousand year-on-year.

- **Substantial decrease of unemployment with decreasing inactivity**

The unemployment rate of the aged 15 – 64 decreased in 2006 by 0.8 p.p. year-on-year to 7.2 %. The lowest rate was recorded in Q4 when it fell to 6.6 %, the lowest value for the last eight years. The unemployment decrease represented a year-on-year decrement by 38.8 thousand persons. A slight increase was shown only by the number of unemployed tertiary graduates, but their share in the total unemployment remained still very low. The average number of long-term unemployed persons in 2006 reached the limit of 200 thousand upon a year-on-year fall by 18.2 thousand persons, however, they still accounted for more than one half of all the unemployed. In average the unemployed in 2006 included 16.2 % (60 thousand persons) unemployed for more than 4 years. Simultaneously with unemployment also the potential labour reserve decreased – those who do not seek employment actively but declare their will to work. Their number in 2006 reached 249.4 thousand persons, by 28.4 thousand less than in 2005.

- **Accelerated growth of average nominal wage**

The average gross nominal wage in 2006 began to accelerate and increased by 6.5 %. In real terms the wages grew by 3.9 %, consumer prices increased by 2.5 %. Real wages recorded the highest increase in Q4 (4.6 %), when also the lowest increase of consumer prices in 2006 was recorded (1.5 %). The increase of average nominal wage in business sphere in 2006 (6.8 %) was by 1.4 p.p. higher than in the non-business sphere. In real terms wages in business sphere grew by 4.2 % and in non-business sphere by 2.8 %.