

Labour market

- **Positive trends prevailed in the labour market**

In 2008 favourable trends of the last years in the labour market ¹ reached its peak. Employment expressed as an annual average increased and the average number of the unemployed dropped. The slowdown of the GDP growth showed in the labour market only in the q-o-q comparison.
- **However, the growth of total employment was intangible ...**

Total employment was 5,002.5 thousand persons on average, i.e. by 80.5 thousand persons more compared with 2007. However, the intensity of the employment growth continued to slow down, while the increase of employment was continually decreasing from its maximum 2.2% in Q4 2007 to 1.3% in Q4 2008. Employment rate in the age group 15 to 64 years reached in Q4 66.8%, however, in the year on year comparison, the growth was only 0.3% while in Q4 2007 it was 0.9%. In Q4 2008 the growth of employment in the secondary sector slowed down and in manufacturing the number of employed persons even dropped.
- **... but the number of foreigners in the position of employees with trade licence grew**

Increases in the number of foreigners-employees (according to data provided by from labour offices) increased in each quarter of 2008. In December 2008 the y-o-y increase was 44.3 thousand persons and the total number of foreigners registered by labour offices reached 284.6 thousand persons. Concurrently, during the year the number of foreigner with trade licence increased by 8.4 thousand to reach 77.2 thousand persons by the end of the year.
- **Drop of number of the unemployed stopped and the number of job vacancies began to decrease**

The on-going growth of total employment showed a positive effect on further drop of unemployment which decreased compared with the average in 2007 by 16.8% and the average number of the unemployed was 229.8 thousand persons. General unemployment rate fell to 4.4%, however, the q-o-q drop slowed down systematically and in Q4 2008 this rate even slightly raised (+ 0,1%) to show an increase of the number of the unemployed compared to Q3 by 6.8 thousand persons.

The number of the long-term unemployed in Q4 dropped, y-o-y, by another 15.4 thousand persons to 107.4 thousand persons, i.e. below one half of all the unemployed (46.5%), which was a positive phenomenon. Yet the number of the unemployed was still much above the EU average.

Simultaneously, in Q3 2008 the number of vacancies began to fall (according to data from the Ministry of Labour and Social Affairs), as at 31 December 2008 the number fell to 91.2 thousand job vacancies.
- **Real wages increased by only 2.1% to show the smallest increase over the last 10 years**

The average gross monthly nominal wage in 2008 accounted for CZK 23,542 which was by 8.5% more in the year on year comparison. Since the consumer prices for the above period increased by 6.3% real wages increased by 2.1% to show the smallest increase over the last ten years.

As early as in 2007 the started-up growth of nominal wage reflecting the growth of demand in the labour market reached its peak in Q1 2008 (10.2%). The slowdown of growth rate registered in Q2 was confirmed in Q3 indicating the changing situation in the labour market. In Q4, however, the growth of the nominal wage again speeded up to 8.3% with the real wage growing rapidly. This came from the wage increase in the non-business sphere (6.8%) and falling inflation rate.
- **The wage differentiation increased**

The average wage in the business sphere increased by 9.6%, its real growth being 3.1%. The average wage in the non-business sphere increased in nominal terms by 4.4% and decreased in real terms (- 1.8%).

Wage differentiation further increased while the bigger difference compared to the structure by industries was obvious for average wages by institutional sectors. Two thirds of employees earn less than the average wage.

¹ According to the LFSS results.