

Labour market

- **Lowest number of the unemployed since 1998**

Favourable development in the labour market (in compliance with the LFSS data) continued over the first six months of 2007. Average number of the unemployed dropped to the level of 1998. The general rate of unemployment fell to 5.6% and compared with the same period in 2006 it was 1.9 p.p. down. This favourable development is attested by other labour market indicators.

- **Growth of general employment is accompanied by symptoms of structural labour force deficit**

Total employment in Q1 and Q2 2007 was 4 889 thousand persons on average which is the highest level of employment since 1998. The growth compared with the same period of the last year was 83.9 thousand persons and employment rate in the age group from 15 to 64 reached almost 66%.

Compared with Q1 and Q2 2006 the number of foreigners registered by labour offices increased by 44.2 thousand persons.

From the aspect of structure a favourable impact was attributed to a significant increase of the share of employed secondary school graduates with GSCE and university and higher professional school graduates. The share of the employed and self-employed sectors remained unchanged like in the previous year i.e. the contribution of the self-employed including contributing family workers stood at 16.2%. The share of persons employed in primary sector dropped, while the share of persons employed in secondary sector (which is the biggest compared to the EU 27) and tertiary sector (which is, despite the above, still lower than the EU 27 average) continued to grow.

Employment in services increased mainly in real estate, renting and business activities (this applies mainly to legal, accounting, book-keeping and auditing activities, tax consultancy, market research and public opinion polling, etc.), further in health and social work, in education and financial intermediation. In contrast, employment decreased in wholesale and retail trade, hotels and restaurants.

Number of employees in construction companies with 20+ employees decreased among other things due to growing deficit of technical building professions. This is an obvious attribute of a changing situation in the labour market.

Another symptom of changes is a growing number of vacancies; in June the number of vacancies was 123 269 while in the same month in 2006 the Ministry of Labour and Social Affairs announced 85 945 vacancies.

- **Number of the unemployed dropped by one fourth**

Unemployment in Q1 and Q2 2007 decreased compared to the same period of the last year by one fourth and the average number of the unemployed was 292.9 thousand persons. General level of unemployment reached 5.6 % (in Q2 2007 5.3%). Harmonised rate of unemployment announced by Eurostat was in June 6.9 % (the EU 27 average) and in the CR 5.7. %.

The number of the long-term unemployed also declined but still represented over 50 % of total unemployment.

Decrease of the number of the unemployed was contributed to by all regions but over 50% contributed regions with the highest unemployment – the Moravskoslezský and the Ústecký Regions. The year-on-year drop of the unemployed was higher in the groups of persons with GSCE or university education. The gap between the female and man rate of unemployment narrowed.

Due to the decrease of unemployment also the reserves of potential labour force, i.e. persons who do not seek for work in an active way but declare their willingness to work, shrank.

- **Average wage increased in real terms by 5.5 %**

The average gross nominal wage reached in the first half of 2007 CZK 20 938, i.e. showed a 7.6% increase over a year. Since consumer prices in the last period increased by 2.0 %, wage increased, in real terms, by 5.5 %; in business sector faster compared with non-business sector. In Q2 compared to Q1 the nominal wage growth slowed down while the price growth speeded up moderately.