

## Labour Market

- **Significant decrease of unemployment**

The labour market (according to LFSS) in Q1 2007 continued its favourable development as in the preceding year. Upon a further employment growth the definitely most significant event was the sharp decline of the number of unemployed persons by 24.8%. The latest reduction of similar size was recorded in 1993.

- **Rapid growth of general employment**

The total employment in Q1 2007 recorded a year-on-year increase by 1.7%, the absolute number of employed persons reached its peak since mid-1998. The growth amounted to 79.7 thousand persons and the employment reached 4 864.9 thousand persons. The employment rate of the aged 15 - 64 has recently grown slowly, in Q1 2007 the year-on-year growth reached 65.5%.

Two thirds of the year-on-year employment increment consisted of employees the number of which in year-on-year terms increased by 1.4%, the number of self-employed persons grew by 3.5%. The shares of entrepreneurs and employees in the total employment amounting to 16.2% and 83.5% remained within the average values recorded in Q1 2007. In the industrial sector the number of employees grew more rapidly, while in the services sector the increment of employees and self-employed entrepreneurs (including engaged relatives) was more or less balanced. The employment increased mostly in the manufacturing industry and in the sector of real estate, renting and business activities. The growth concentrated in full-time employment, the number of secondary employments decreased with an accelerating rate, in Q1 2007 by 23.4%.

- **Number of unemployed persons reduced by one quarter**

The year-on-year decrease of the unemployed persons accelerating with every quarter of 2006 strengthened in Q1 2007, resulting in the year-on-year decrease of unemployment by 102.9 thousand persons to 311.2 thousand persons. The share of the long-term unemployment amounted to 54.5% of the total unemployment. The number of persons unemployed for more than 4 years fell in year-on-year terms by 7% to 58.1 thousand persons. This development resulted in a substantial drop of the unemployment rate (for the aged 15 - 64) by 1.9 p.p. to 6.1%.

Almost two fifths of the total decrease of the unemployed persons referred to the regions with the highest unemployment rates, i.e. Moravia and Silesia and the region of Ústí nad Labem, where the regional unemployment rate recorded a year-on-year decrease from 14.9% to 11.3% and from 13.4% to 10%, respectively. The year-on-year decrease of the number of the unemployed was high in all education level groups, from 23.3% in the secondary education group without "maturita" school leaving exam, to 34.5% of university graduates. The increase of the number of unemployed university graduates in the first three quarters of 2006 converted in the last quarter of 2006 into a rapid decrease, which continued also in Q1 2007. Also the rather high difference between the unemployment rate of men and women declined slightly (from 3.1 to 2.8 p.p.). Due to the reduced unemployment also the reserve of potential labour force decreased (those who do not seek employment actively but declare their will to work).

- **Average wage increased by 6.2% in real terms**

The average gross nominal wage in Q1 2007 reached CZK 20 399 and considerably increased by 7.8% in year-on-year terms. Also the growth of real wages accelerated considerably to 6.2%. Their year-on-year growth doubled during two quarters, also due to the relatively low year-on-year increase of consumer prices by 1.5%. The average wage grew by 2.2 p.p. more in the business sphere than in the non-business sphere.