

## Labour Market

- ***Mild decrease in the labour market imbalance accompanied by slower wage growth***

In accordance with the enhanced economic performance of major sectors, the growth of employment and fall in unemployment continued and thus the imbalance between higher supply and lower labour market demand shrunk somewhat. Positive effect of rising production of non-financial businesses impacted also the changes in long-term unemployment, which went slightly down, however still remains high. Average monthly wage of employees was increasing, while its growth slowed down and does not present any danger in relation to the price level shift or monetary balance.
- ***Growth of number of employed while experiencing structural changes in their status***

Average number of employed persons 4,750.8 thousand in the three quarters of 2005 was y-o-y higher by 1.1 %, an acceleration of 1.9 p. p., compared to the same period last year, when this number decreased. Average rate of employment in this year's three quarters 54.6 % (persons aged 15 and over) increased y-o-y by 0.4 p. p.; it was the highest in Q3 (55 %). Average participation rate 59.3 % was compared to the previous year slightly higher (by 0.2 p. p.). Regarding the structure of employment, notable changes eventuated due to the fall in the number of employers including helping family members by 31.4 thousand persons, i.e. by 3.9 %. Part of them transferred to employees incl. members of cooperatives, whose average number of 3,986.2 thousand persons for three quarters 2005 was y-o-y higher by 2.2
- ***Drop in the number of unemployed ...***

Average number of unemployed persons of 411.9 thousand in the three quarters of 2005 was y-o-y lower by 3.7 %, which represents marked positive shift following the large increase in the same period last year (8.6 %). The biggest drop occurred in Q2. Women dominate among unemployed persons, but their number decreased particularly in Q1, even though this decrease did not reach that of the male part of the population. Average rate of unemployment for the three quarters 8 % (persons aged 15 and over) fell y-o-y by 0.4 p. p. It was the lowest in Q2 and Q3 (7.8 %).
- ***... as well as inactive persons interested to work***

The sum of economically inactive persons, presenting the potential labour reserve (persons not working and not looking for work – not employed according to ILO – however expressing in the survey an interest to work), went down y-o-y by 3.5 % to 282.8 thousand, in that mostly in Q3 (by 7.9 %). This decline also affected the drop in the share of economically inactive in the group of 15 years old. High number of these persons lies among students and retired persons.
- ***Share of total wages relative to GDP rose***

Total nominal volume of paid out wages for the three quarters of 2005 was y-o-y higher by 6.4 % and their growth fastened exclusively as a consequence of a significant change of the relation between the development of average wage and the number of employees. Stated wage rise was by more than nine tenths impacted by the growth of gross monthly average wage and the remaining near one tenth came from the growth of the number of employees. In various sections of branch activity the relative importance of wages differs with regards to their relationship to the gross value added as well as their effect on the price level change.
- ***Gross monthly wage climbed up ...***

Gross monthly average nominal wage of CZK 18 421 (per private person) for the three quarters of 2005, in that CZK 18 833 in Q3 was y-o-y higher by 5.8 % and 6.2 % respectively and its growth slowed down by 0.9 p. p. and 1.1 p. p. respectively. Seasonally adjusted average wage went up in Q3 q-o-q by 1.9 %. Average wage was by 2.3 % higher in the business sector (CZK 18 516) compared to the public sector (CZK 18 095), while the excess shrunk y-o-y by CZK 357. Average monthly wage rose in real terms by 4.0 % for the three quarters and by 4.2 % in Q3 and its growth mildly accelerated.

- **... given growing differentiation** The absolute differential between sectoral highest (CZK 37 483 in financial intermediation) and the lowest average wage (CZK 13 026 in accommodation and hospitality) in the three quarters of 2005 arrived at CZK 24 457. Total intersectoral wage differential also widened, with the average wage variation coefficient of 35.9 % increased y-o-y by 1.8 p. p. The growth of differentiation resulted from a varied raise of average wage as well as a varied movement of employees.