Labour market

- ***The drop of the number of unemployed persons continued***

The favorable development from the previous year continued on the labour market (according to VSPS results) in the 1st quarter of 2008. With the further growth of the employment level, the unequivocally most significant happening was the further decline of the number of unemployed persons by 21.7%.

- ***The overall employment level continued to grow***

The overall employment level registered a year on year growth of 1.9%, which was the same relative gain as in the 4th quarter and higher than in the 1st quarter of 2007. In absolute terms, the gain was 93.3 thousand persons and the employment level reached 4 958.3 thsds person. Also the employment level of 15 - 64 year olds grew (66.1%).

The share of employees on total employment reached 83.7%, the share of entrepreneurs declined slightly to 16.1%. The number of entrepreneurs with employees declined. The growth of total employment was most evident in the secondary sector, where the gain of the number of workers was 59.0 thsds, whereas in the tertiary sector it was 41.3 thousand persons, but in individual sectors it was contradictory. The number of second jobs grew slightly this year against the decline noted in the 1st quarter of last year.

- ***The number of unemployed persons decreased by almost a quarter***

The year on year decline of the number of unemployed persons, calculated via ILO methodology, slowed down and is under the average of the last four quarters. The year on year decline by 67.5 thousand persons lead to the level of 243.8 thousand unemployed persons. Also the number of the long-term unemployed decreased, but relatively once again represented more than one half of total unemployment; i.e., it grew in comparison to the 4th quarter of 2007. This development lead to the slowing decline of the general level of unemployment in the group of 15 to 64 year old persons; year on year decline by 1.3 percentage points to 4.7%.

A favorable effect was that the decline of the unemployment level took place in all regions, with the highest decline in regions with high or above average unemployment levels. In relative terms, the year on year decline of the number of unemployed persons was high for all education levels, but the unemployment level is still higher for persons with basic and secondary education without a completed school leaving examination. There was also a slight decline in the difference in the unemployment level between men and women, although it is still significant (3.7%, respectively 6.0%). As a result of the decrease in unemployment, also the potential work force reserve declined, which are persons who are not actively looking for work but state that they are interested in working.

- ***The average wage grew by 2.8% in real terms***

The average gross nominal wage (including in the business sector only companies with 20 and more employees) reached a value of 22,531 CZK in the 1st quarter of 2008 and experienced a significant year on year growth of 10.4%, which was the highest growth since the 4th quarter of 1998. The nominal growth was thus also above the average of the previous four quarters, even though it was lower than in the 4th quarter of 2007. But the growth of real wages, in year on year terms, slowed down to 2.8% as a result of the extraordinary year on year growth of consumer prices by 7.4%. But even despite of this, the growth of real wages was slightly higher than in the 4th quarter of 2007.

At the same time, there was a significant difference between the two basic sectors of the economy. Whereas the average real wage in the commercial sector in the 1st quarter of 2008 grew by 4.5%, i.e., the same as for the entire year 2007 (in other words, this sector reacted flexibly to the growth of consumer prices), in the non-commercial sector there was a relatively sharp *decrease* of real wages by 3.6%. A larger drop occurred the last time in the 3rd quarter in 1998. The inter-industry and inter-sector wage differentiation increased significantly year on year. The average nominal wage in the financial institution sector reached 52,154 CZK, and the lowest wage (14,538 CZK) was found among employees in the household sector. The minimum wage did not change since January 2007 (it is 8,000 CZK).