

## Czech share of unemployed people typically increased

The share of unemployed people increased slightly from 3.1% to 3.3% in January as a result of typical seasonality during the winter months. The labour market remains tight, as the number of job vacancies further increased to a new record high

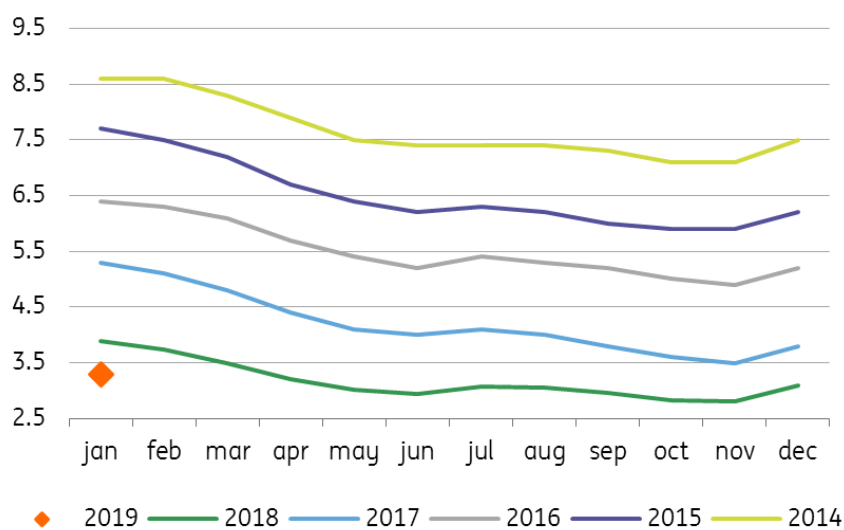


Source: Shutterstock

### Typical seasonality and a little bit of rounding behind the higher January print

The share of unemployed people increased in January as expected due to typical seasonality during winter months. Analysts expected an increase to only 3.2%, but the exact figure was 3.256%, so the increase to 3.3% compared to expectations was partially due to rounding.

## Share of unemployed people 15-64 (%)



Source: MinLab, ING Bank

## Labour capacities remains stretched

Labour market tightness in terms of job vacancies increased further in January. The number of job vacancies increased by 7,000 in month-on-month terms, and overall exceeded 330,000, a new historical high. From a year-to-year perspective, the domestic economy has 100,000 of job vacancies more (44% YoY increase) and 44,000 unemployed people less (-15% YoY).

## Labour market, the biggest barrier to growth

The lack of a suitable workforce has become an increasingly more important barrier for further economic growth over the past two years and it clearly dominated last year in all business surveys. However, at the beginning of this year, it slightly decreased to the detriment of the lack of materials, but it was still the most important factor limiting the further growth of firms in Czech industry.

## This year's decline very limited

The average share of unemployed people reached 3.2% last year, ie, one percentage point less than in 2017. At the moment, however, it is already at such low levels that room for a further decline this year is already relatively small. In the new forecast, the Czech National Bank (CNB) is expected to fall to 2.9%, the Finance Ministry to 2.8%, as it predicts that solid wage growth can motivate some people to move from a grey economy to a full-time job. Still, the unemployment rate in the ILO definition will remain the lowest among the EU countries even this year.