

Czech unemployment down further to an all-time low

The October share of unemployed people declined to a new all-time low of 2.8%. This should be this year's low, but some space for a decline next year might be possible due to structural changes in the labour market



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The share of unemployed people at new lows

The share of unemployed people (15-65) constructed by the MinLab fell as expected in October, but declined more to 2.8% vs 2.9% expected by the market. As such, it reached a new historical low.

2.8% The share of unemployed people 15-65

Better than expected

Job vacancies remain strong

The lack of labour market capacities in terms of job vacancies remained substantial, but it increased just slightly from 316,000 to less than 317,000. Still, there are 107,000 more vacant jobs in YoY terms in the domestic economy (51% YoY increase) and 55,500 less unemployed people (20.5% YoY decline). According to the estimates of the Czech Chamber of Commerce, however, the real job vacancies might be even 100,000 higher, as many vacant jobs are not registered and searched via the labour office.

Firms are searching for alternatives

The lack of employees motivates companies to look for an alternative solution, which is reflected in a higher offer of part-time jobs. According to the Czech Statistical Office, the number of employees working part-time has increased by 20,000 year-on-year in the second quarter of this year. They are usually pension-age workers around 65, or younger in the 25-29 age group. Overheating in the labour market thus brings some changes to the labour market as part-time jobs have not been used much in the Czech Republic. Despite this increase, however, the Czech Republic still belongs to the lowest proportion of part-time workers among EU countries.

Unemployment might go down further next year

Given the lack of a suitable workforce, the unemployment rate seems to have reached its 2018 low in October. Depending on weather conditions, November's value may remain at a similar level, but with the approaching winter months and ending seasonal work it will start to grow slightly again. Even so, this year we expect it will reach 3.2%, which is a decline of a full percentage point compared to the previous year. Next year there will be only limited room for a further decline in unemployment due to its low level. The CNB expects a decline to 3.0% and the Ministry of Finance to 2.8%, as it supposes that solid wage growth can motivate some people to move from the "grey economy" to full-time employment.