

## Czech unemployment rate creeps up in January

The share of unemployed people increased to 3.1%, which is just typical seasonality caused by the winter months. Despite the global slowdown in 2019, the Czech labour market remains tight but we think the unemployment rate might stagnate this year

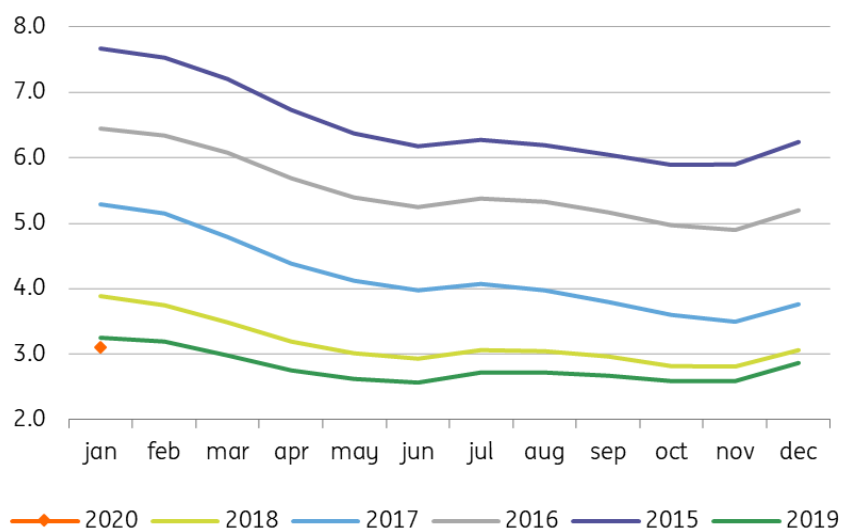


Source: Shutterstock

The share of unemployed people increased from 2.9% in December to 3.1% in January, in line with analyst consensus. This is a traditional seasonal effect, though this year could be supported more by above-average January temperatures, which could help some seasonal work to continue during the winter months.

Job vacancies broadly stagnated around 341 thousand - they remained 3% higher, but these YoY dynamics are slowing down. As such, the labour market remains tight, but this tightness is not increasing anymore.

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



Source: MinLab, ING

Despite expecting the Czech economy to slow down this year, we see the share of unemployed people stagnating at 2019 levels this year (2.8%) due to traditional labour market persistency, which reacts to economic developments with some delay.

This is what the latest forecasts of the central bank project, while the ministry of finance forecast assumes even more decline to 2.7%. The tight domestic labour market is one of the reasons why the central bank raised rates last week.