



Labour Market

2nd quarter, 2018

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1. LABOUR SUPPLY

Labour supply continue exhibiting positive growth rates in the 2nd quarter of 2018 in relation to the previous quarter and in comparison with the same quarter of the previous year.

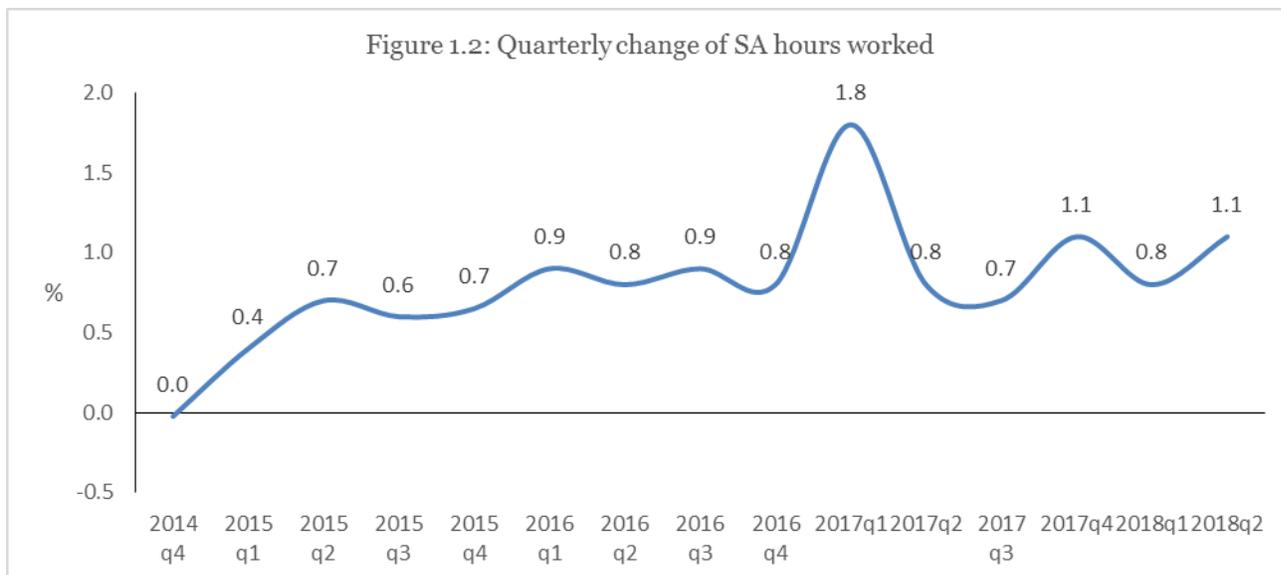
Seasonally adjusted (SA) employment in persons increased by 1% compared with the previous quarter of 2018 (Figure 1.1)¹. In relation to the corresponding quarter of 2017, SA employment in persons increased by 4.4%.



At the same time, **underemployment as a ratio of the labour force** denoted a significant downswing by 8.1% during the 2nd quarter of 2018 compared with the previous quarter. In parallel, the labour force has increased by 1.265 persons compared with the previous quarter and by 9.384 in comparison with the 2nd quarter of the previous year.

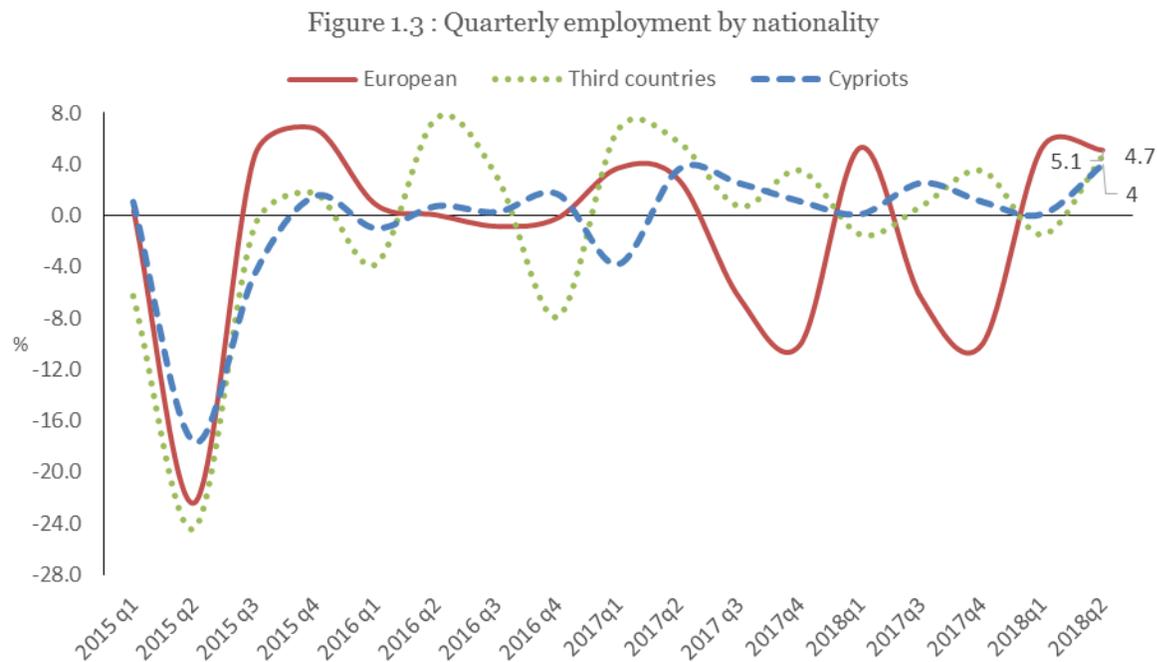
Hours worked SA increased at a rate of 1.1% in the 2nd quarter of 2018 compared with the previous quarter (Figure 1.2). In relation to the same quarter of the previous year the hours worked SA increased by 4.4%.

¹ The diagrams, statistical data and the ALMPs table are presented as Appendix into the corresponding XL file of the website under the heading “Economic Indicators”.



Employment in the public sector based on the Public Administration and Personnel Department’s data stabilized at 48.778 persons compared with the previous quarter and it was equal to 11.8% of employment SA. The reduction was fully associated with the increase of the SA employment in persons.

Cypriots employed during the 2nd quarter of 2018 stabilized at 326.050 persons compared with the previous quarter and denoted an upswing of 4%. Europeans employed in Cyprus denoted a significant increase of 5.1% in relation to the previous quarter and third country nationals increased by 4.7% (Figure 1.3).



The distribution of employees² based on their nationality was 81% Cypriots, 11% European and 8% from third countries.

Three sectors of economic activity that Cypriots employed most related to retail and wholesale trade, business services, tourist services and professional and technical services. Europeans were employed mostly in the tourist industry, the retail and wholesale trade and in construction and for third country nationals in the household services sector and in construction.

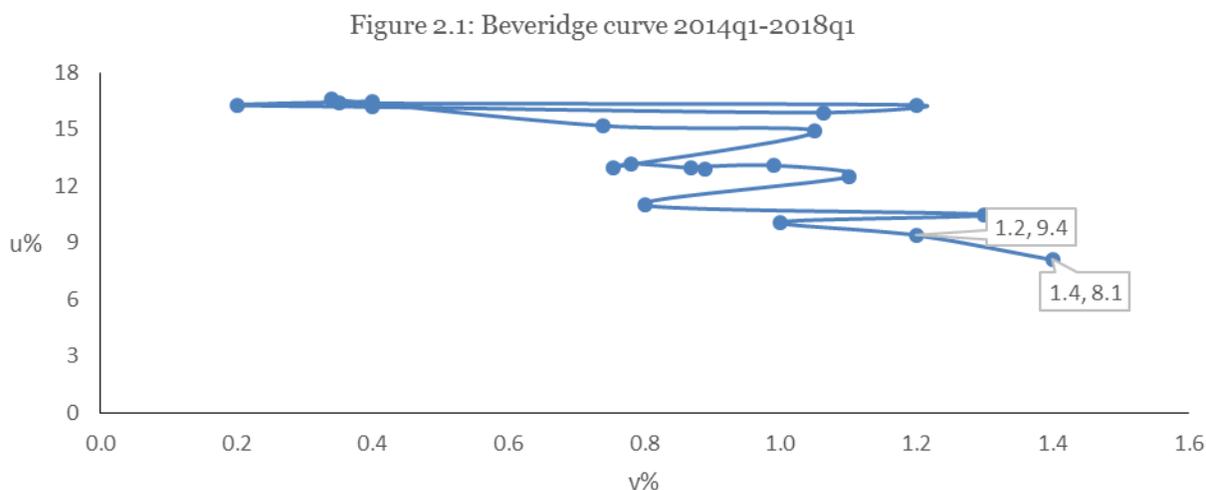
During the 2nd quarter of 2018, it is estimated that 101.208 persons were employed in flexible³ forms of employment representing 23.3% of the labour force.

² Source: Social Security Services.

³ Flexible forms of employment include the number of employees working part time and with temporary contracts.

2. LABOUR DEMAND

In the demand side, the vacancy rate during the 2nd quarter of 2018 increased by 1.4% while the unemployment rate, based on Eurostat data denoted a significant reduction to 8.1% of the labour force compared with 10.6% one year earlier and with 9.4% in previous quarter of 2018. The above trends shifted rightwards and downwards the Beveridge⁴ curve causing the labour market to adjust to a new equilibrium point (Figure 2.1.).

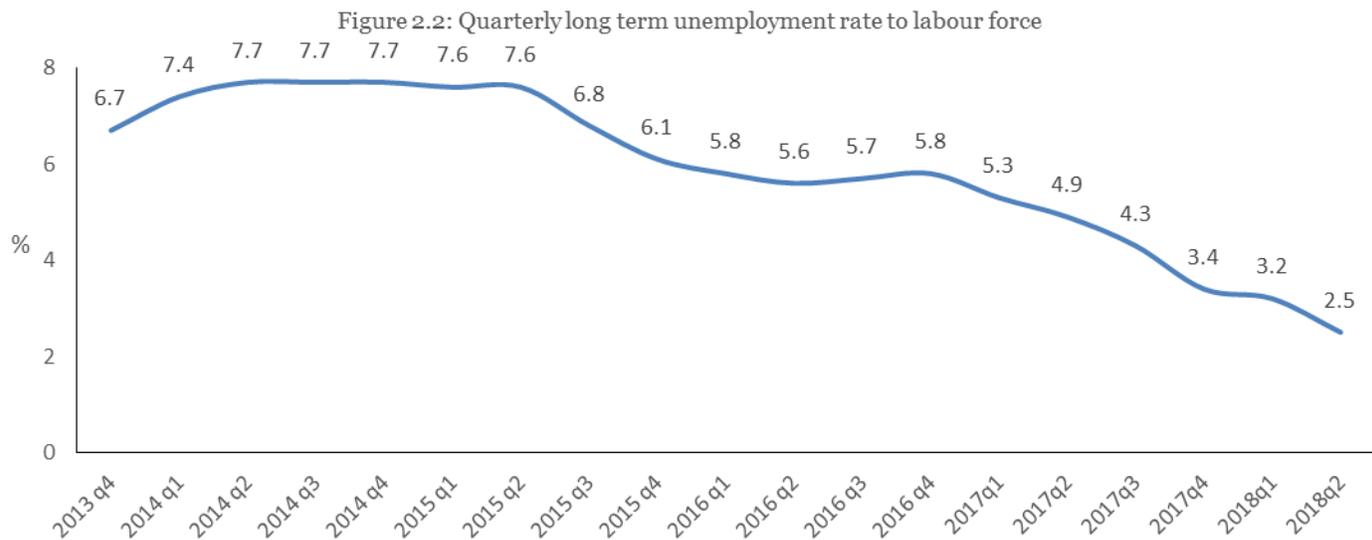


Registered, seasonally adjusted unemployment in the 2nd quarter of 2018 was reduced to 27.242 persons, from 28.983 persons, in relation to the 1st quarter of 2018. Based on the data held by the districts labour offices, the average number of SA registered unemployed in the 2nd quarter of 2018 compared with one year earlier was lower by 7.321 persons.

The continued fall in registered unemployment is expected to lead to further reduction in unemployment benefit outlays improving the Social Insurance Fund's liquidity and confining public expenditure of the general government and contain pressures on the budget balance.

⁴ The Beveridge curve or the UV curve is a graphical representation of the relationship between the unemployment rate and the vacancy rate (the number of vacant jobs as a ratio of the labour force).

In parallel, long term unemployment (above 12 months) as a ratio of the labour force in the 2nd quarter of 2018 was reduced by 0.7 percentage points compared with the 1st quarter of 2018. In 2018q2 long term unemployment declined to 2.5% of the labour force while one year earlier was at 4.9% (Figure 2.2).



3. ACTIVE LABOUR MARKET POLICIES

The Active Labour Market Policies is a significant tool used to contain the number of unemployed persons and thus the unemployment rate. The purpose of these schemes is the reactivation of the unemployed through retraining and linking benefits to active participation in the labour market.

It is noted that the role of these schemes is catalytic amid high unemployment and also in periods of relatively low unemployment, thereby raising training and acquiring additional skills for all participants.

The active labour market policies reflected in specific schemes are targeted depending on the priorities set by the government in association with the needs of the economy while many of these policies are financed by national funds and/or co-financed by the European Social Fund of the European Union.

In the Table⁵ below it is exhibited that ALMP's cover vulnerable groups of the population, inter alia, the unemployed, unemployed and GMI recipients, persons under the age of 30, long term unemployed, long term unemployed and public assistance recipients combined in parallel with schemes offered by the Human Resources Development Authority that target the accession, re-accession and training of the unemployed in the labour market.

For the years 2015-2022 the total budgeted amount by national and EU funds is €91.8 million and for 2017 the amount is estimated at € 33.9 million. The purpose of these funds is to reactivate unemployed persons so as to maintain their previous skills and acquire new skills.

APPENDIX: ACTIVE LABOUR MARKET POLICIES

⁵ Source: Labour Department and Human Development Authority.