



Labour Market

3rd quarter, 2018

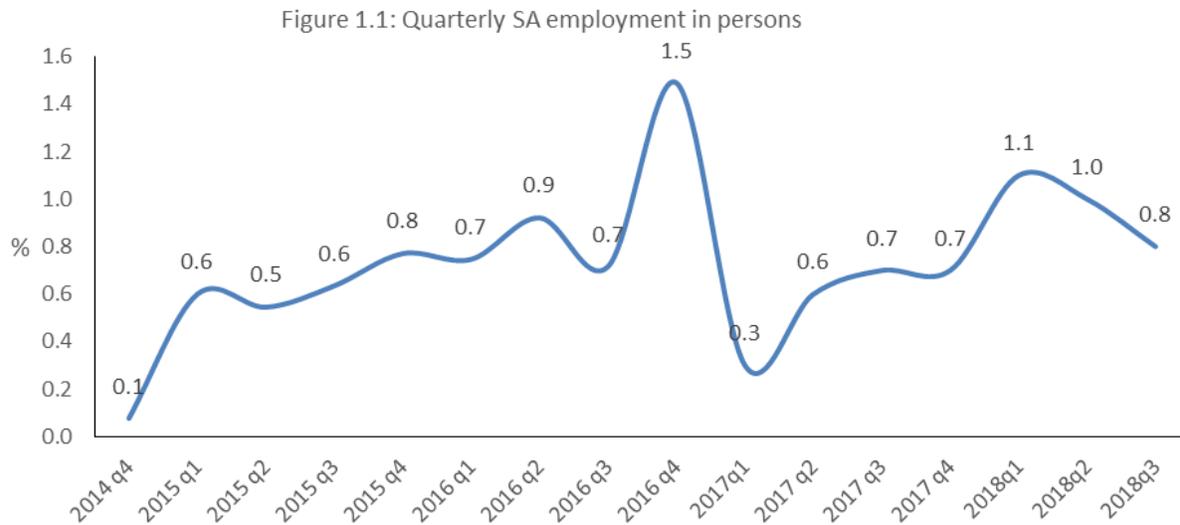
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1. LABOUR SUPPLY

Labour supply continued to exhibit positive growth rates in the 3rd 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 0.8 percent 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 3.7 percent.



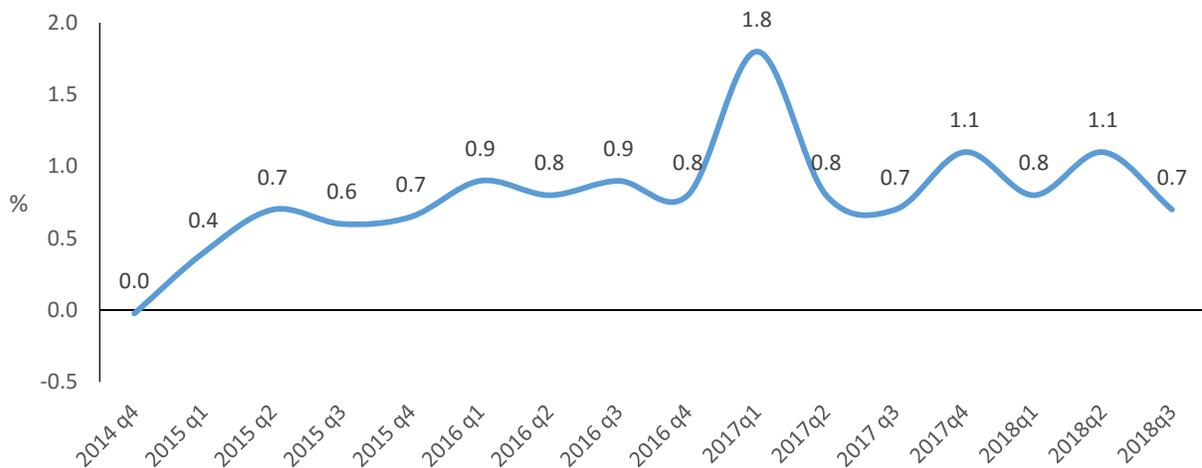
At the same time, **underemployment as a ratio of the labour force** denoted a significant downswing by 15.1% during the 3rd quarter of 2018 compared with the previous quarter. The large reduction of underemployment signals the return to full or part time jobs in the labour market.

In parallel, the labour force has increased by 8.265 persons compared with the previous quarter and by 15.414 in comparison with the 3rd quarter of the previous year.

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”.

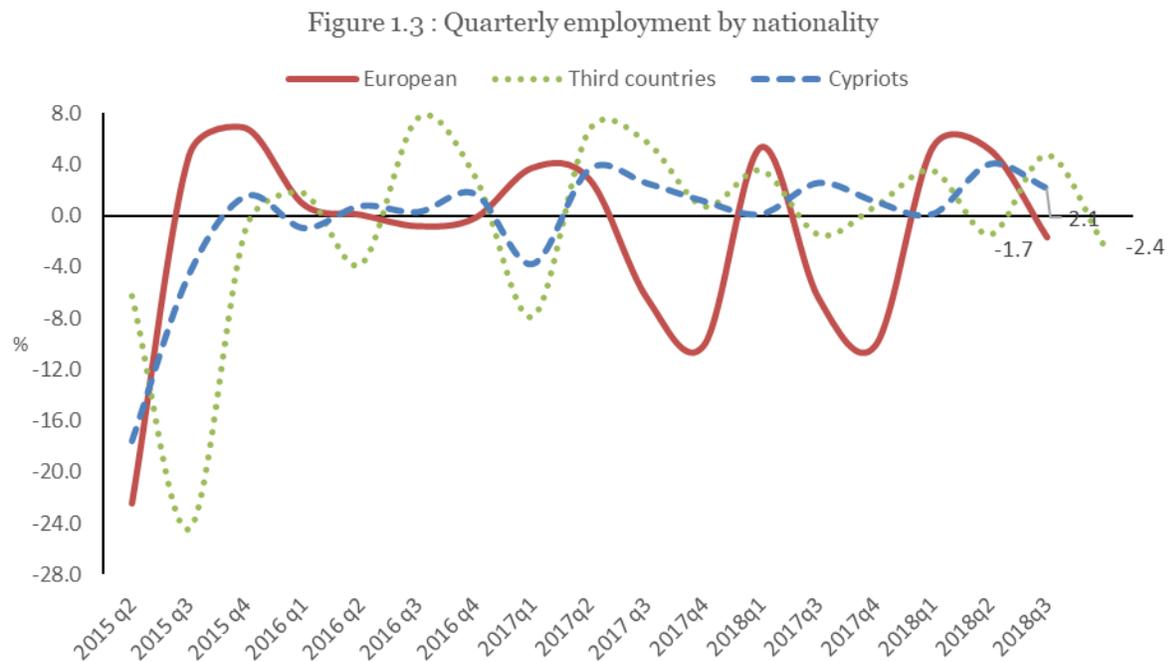
Hours worked SA increased by 0.7% in the 3rd quarter of 2018 compared with the previous quarter (Figure 1.2). In relation to the same quarter of the previous year the SA hours worked increased by 3.7 percent.

Figure 1.2: Quarterly change of SA hours worked



Employment in the public sector based on the Public Administration and Personnel Department’s data stabilized at 48.869 persons compared with the previous quarter and it was equal to 11.7% of total employment SA. The reduction was fully associated with the increase of the SA total employment in persons. In comparison with the 3rd quarter of 2017, employment in the public sector increased approximately by 1.000 persons, which is attributed mainly to increases in employment of personnel for security forces, nonetheless as a percentage of SA employment was reduced by 0.2 p.p.

Cypriots employed during the 2nd quarter of 2018 increased to 332.996 persons compared with the previous quarter and denoted an upswing of 2%. Europeans employed in Cyprus denoted a decrease by 1.7% in relation to the previous quarter and the third country nationals 2.4% (Figure 1.3).



The distribution of employees² based on their nationality was 82% Cypriots, 11% European and 7% from third countries.

Three sectors of economic activity that Cypriots employed mostly 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 3rd quarter of 2018, it is estimated that 92.820 persons were employed in flexible³ forms of employment representing 21% of the labour force.

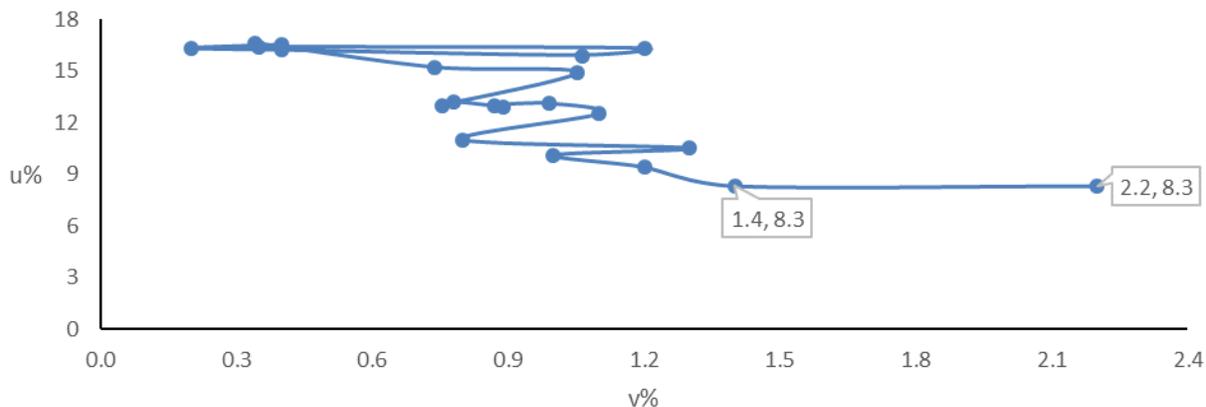
² Source: Social Security Services.

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 3rd quarter of 2018 accelerated by 2.2% while the unemployment rate, based on Eurostat data stabilized to 8.3% of the labour force compared with 10.5% one year earlier. The above trends shifted rightwards the Beveridge⁴ curve causing the labour market to adjust to a new equilibrium point (Figure 2.1.).

Figure 2.1: Beveridge curve 2014q4-2018q3



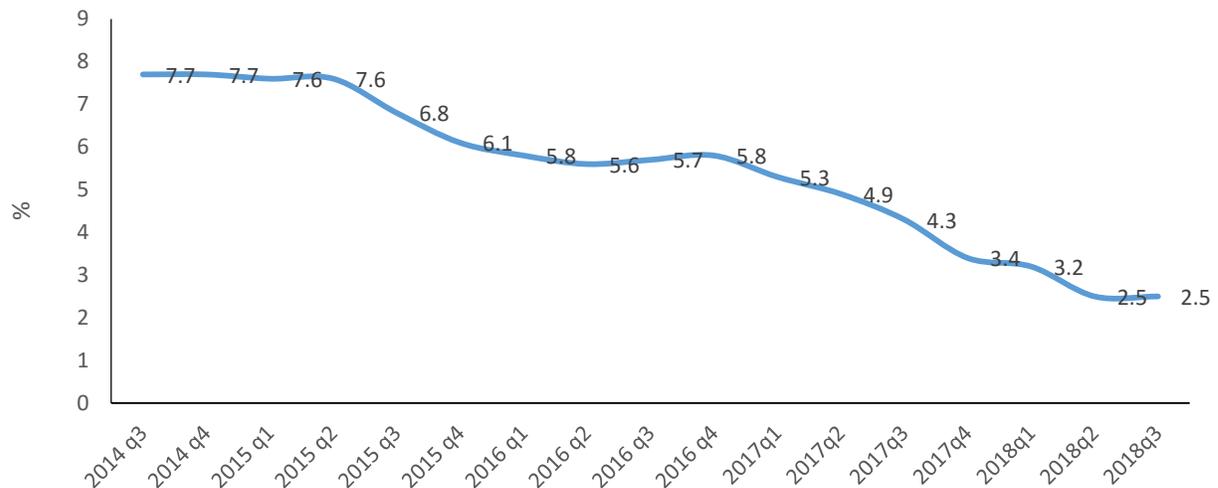
Registered, seasonally adjusted unemployment in the 3rd quarter of 2018 declined on average to 23,356 persons, from 27,242 persons, in the 2nd quarter of 2018. Based on the data held by the district labour offices, the average number of SA registered unemployed in the 3rd quarter of 2018 compared with one year earlier was lower by 6,852 persons recording a decline of 22% in percentage terms.

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 3rd quarter of 2018 stabilized at 2.5%. In 2018q3 long term unemployment was 1.8 p.ps lower than 2017q3 (Figure 2.2).

Figure 2.2: Quarterly long term unemployment rate to labour force



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 €104.2 million and for 2017 the amount is estimated at €43.1 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.