



Labour Market

1st quarter, 2020

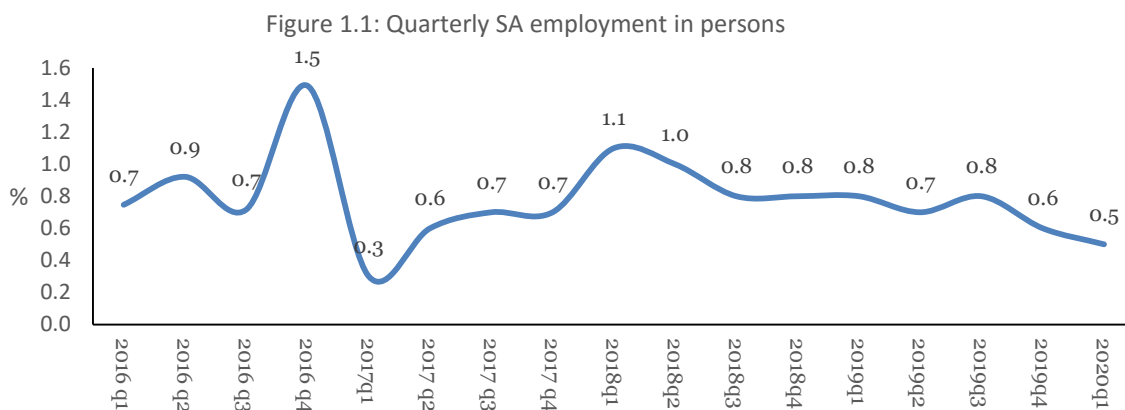
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1. LABOUR SUPPLY

Labour supply continued to exhibit a positive shape in the 1st quarter of 2020 in relation to the last quarter of 2019. The labor force has reached nearly 450.000 persons approximately the same as the previous quarter.

Seasonally adjusted (SA) employment in persons increased in 2020q1 by 0.5 percent compared with the last quarter of 2019 (Figure 1.1)¹. In relation to the corresponding quarter of 2019, SA employment in persons increased by 2.6 percentage points.



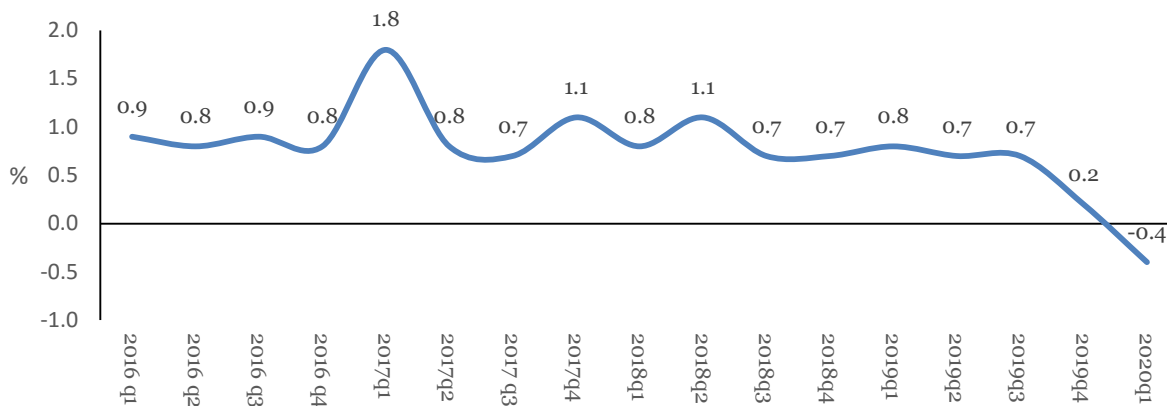
At the same time, **underemployment as a ratio of the labour force** denoted a downswing by 0.2 percentage points compared with one quarter before.

Hours worked SA exhibited a reduction by 0.4 percentage points in the 1st quarter of 2020 compared with the previous quarter. In annual terms the hours worked SA increased by 1.2 percentage points in the 1st quarter of 2020 compared with the previous quarter (Figure 1.2). The fact that during the 1st quarter of 2020 SA hours worked were reduced but not the SA

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 persons in comparison with the previous quarter of 2020 reveals that employers had not opted to reduce employment but instead they adjusted working hours attributing the necessary flexibility in the domestic labour market which under crisis is essential to maintain jobless low.

Figure 1.2: Quarterly change of SA hours worked

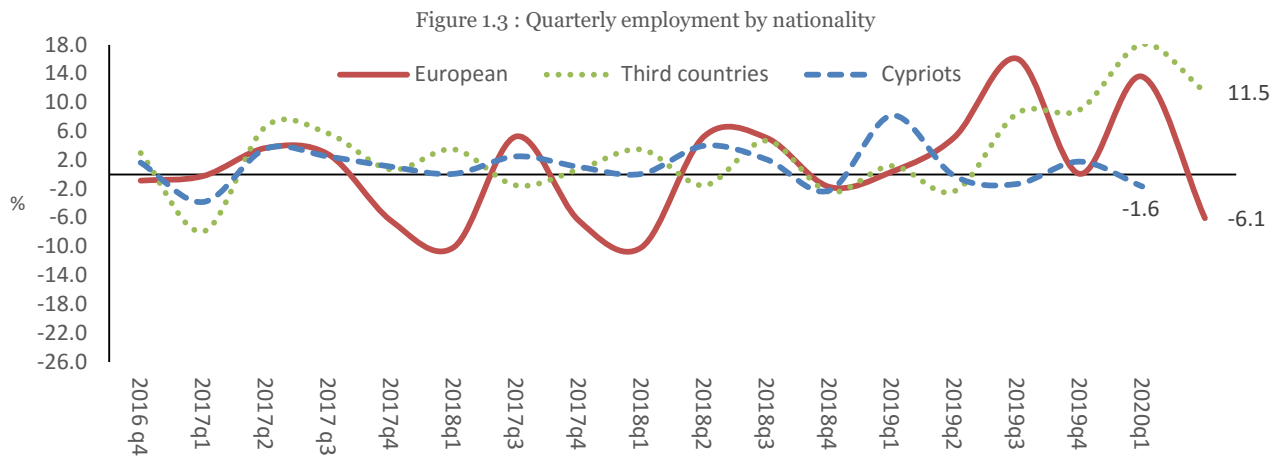


Cypriots employed during the 1st quarter of 2020 were 322.000 persons compared with the previous quarter of the same year. Europeans employed in Cyprus were 52.000 persons while the third country nationals reached 43.114 employees indicating an increase of nearly 12% (Figure 1.3).

The distribution of employees² based on their nationality was 78% Cypriots, 13% Europeans and 9% from third countries.

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

² Source: Social Security Services.



During the 1st quarter of 2020, it is estimated that around 95,300 persons were employed in flexible³ forms of employment representing 21.2% of the labour force.

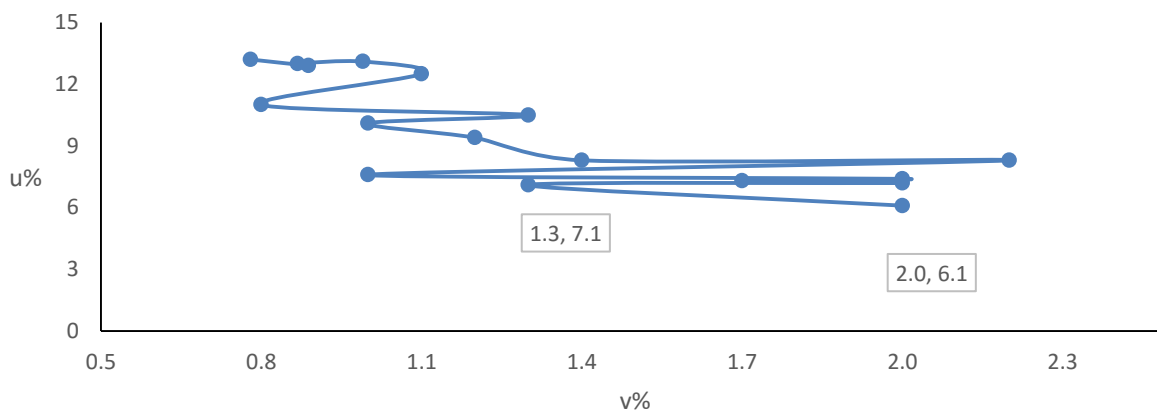
2. LABOUR DEMAND

In the demand side, the vacancy rate during the first quarter of 2020 enhanced by 2.0% while the Eurostat seasonally adjusted unemployment rate in the same quarter, dropped to 6.1% of the labour force. The above trends shifted the Beveridge⁴ curve further outwards causing the labour market to adjust to a new equilibrium point as shown in Figure 2.1 underneath.

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

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).

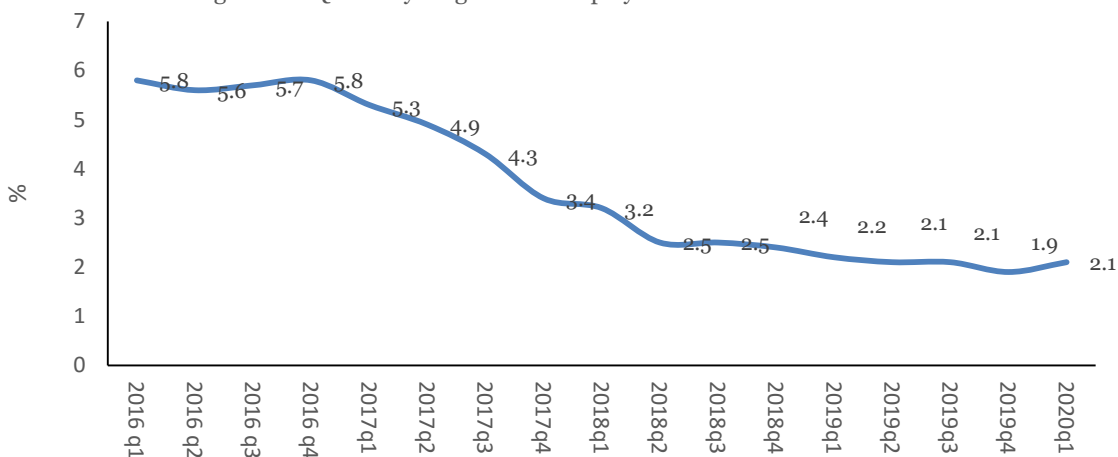
Figure 2.1: Beveridge curve 2016q1-2020q1



Registered, seasonally adjusted unemployment in the 1st quarter of 2020 reached 22.134 persons.

In parallel, long term unemployment (above 12 months) as a ratio of the labour force in the 1st quarter of 2020 increased to 2.1% from 1.9% of the labour force. In comparison with one year earlier the percentage of long term unemployed was lower by 0.1 percentage point (Figure 2.2).

Figure 2.2: Quarterly long term unemployment rate to labour force



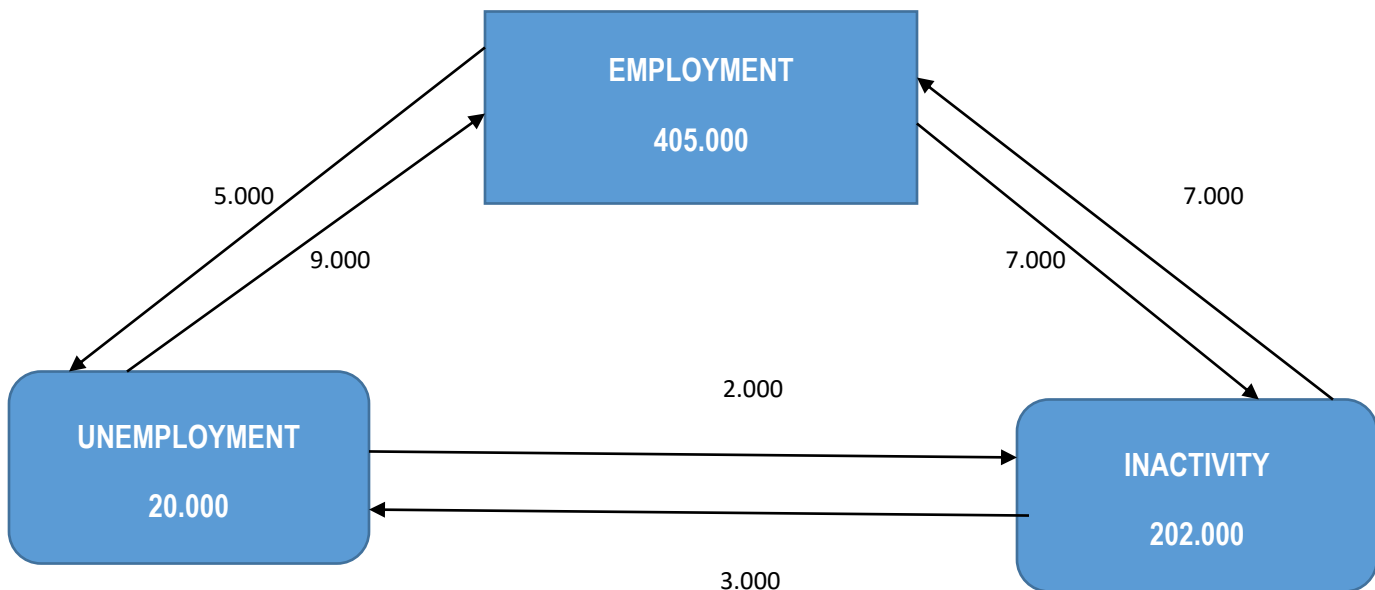
EMPLOYMENT-UNEMPLOYMENT-INACTIVITY FLOWS

Based upon the quarterly data published by Eurostat, the Employment, Unemployment and Inactivity flows are monitored so as to record the number of persons moving in and out of the corresponding pools and thus identify the relative transfers.

Under this scope, it could be pinpointed the net number of persons moving in and out of the relevant pools and thus, it can be an additional component of the current quarterly labour market analysis.

The attached diagram is based on data of the 4th quarter of 2020 in relation to the 3rd quarter of 2020. Each pool of the three maintains a starting number of persons (stock), which changes according to the moving flows.

The concluding remark that can be reached by the below diagram is that between 2019q3/2019q4, the above mentioned net employment flow increased by 4.000 persons reflecting about 1% increase in employment.



- a) Net employment flow increased by 4.000 persons.
- b) Net unemployment flow declined by 3.000 persons.
- c) Net inactivity flow reduced by 1.000 persons.

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.

The Table⁵ below exhibits 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.

Within the programming period 2015-2022 the total budget for the ALMPs equals to €125.843.000 of which €43.193.000 million are from national funds and €82.650.000 millions are co-financed with the EU.

⁵ Source: Labour Department and Human Development Authority.

For 2019 €9.679.430 consisted the financing from national funds and €15.100.000 were co-financed. In 2020 the total budgeted expenditure in ALMPs equals to € 13.750.030.

APPENDIX: ACTIVE LABOUR MARKET POLICIES