



MINISTRY OF FINANCE

LABOUR
MARKET
BULLETIN

2nd
SEMESTER
2022



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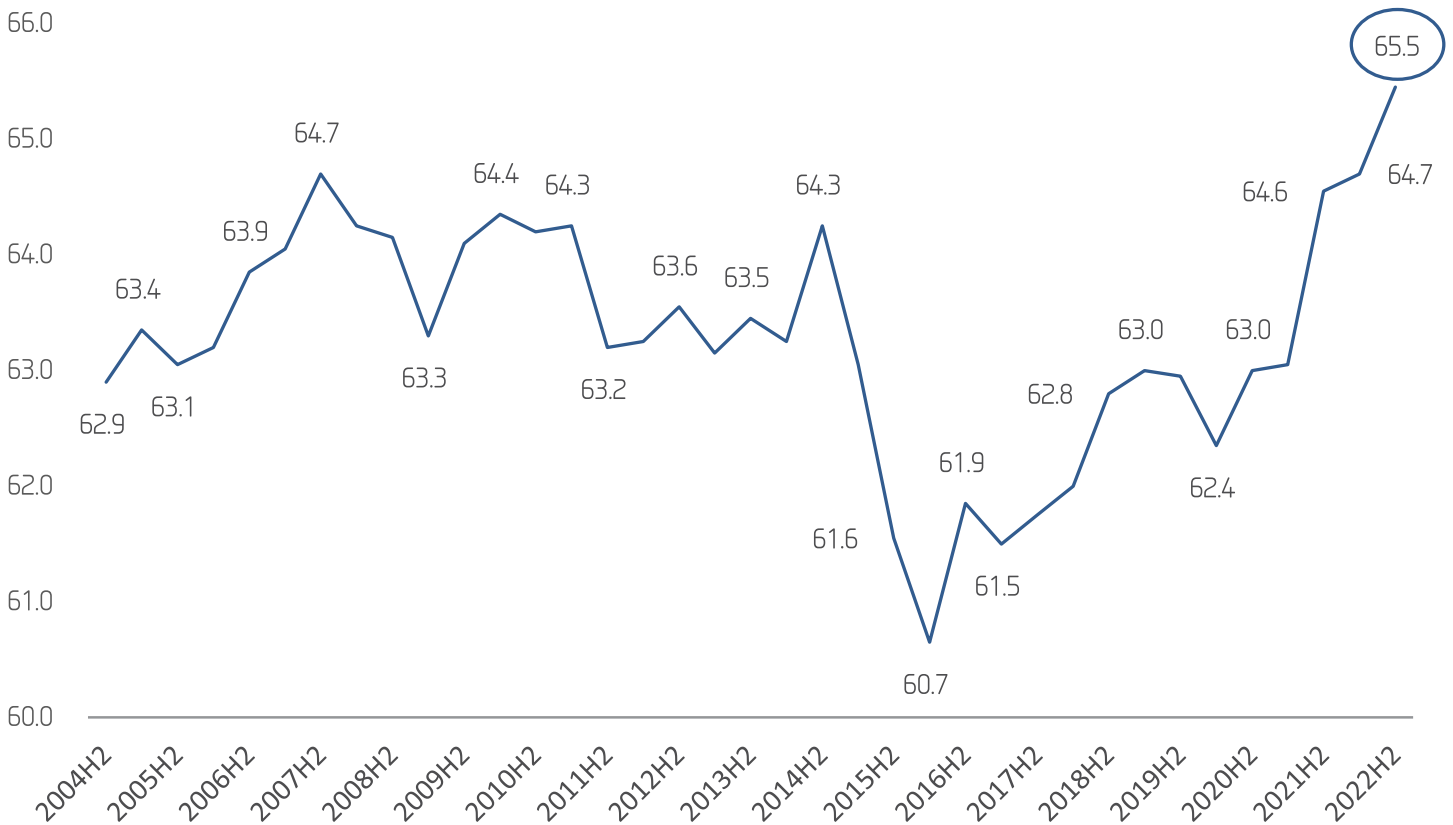
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A. Labour force statistics

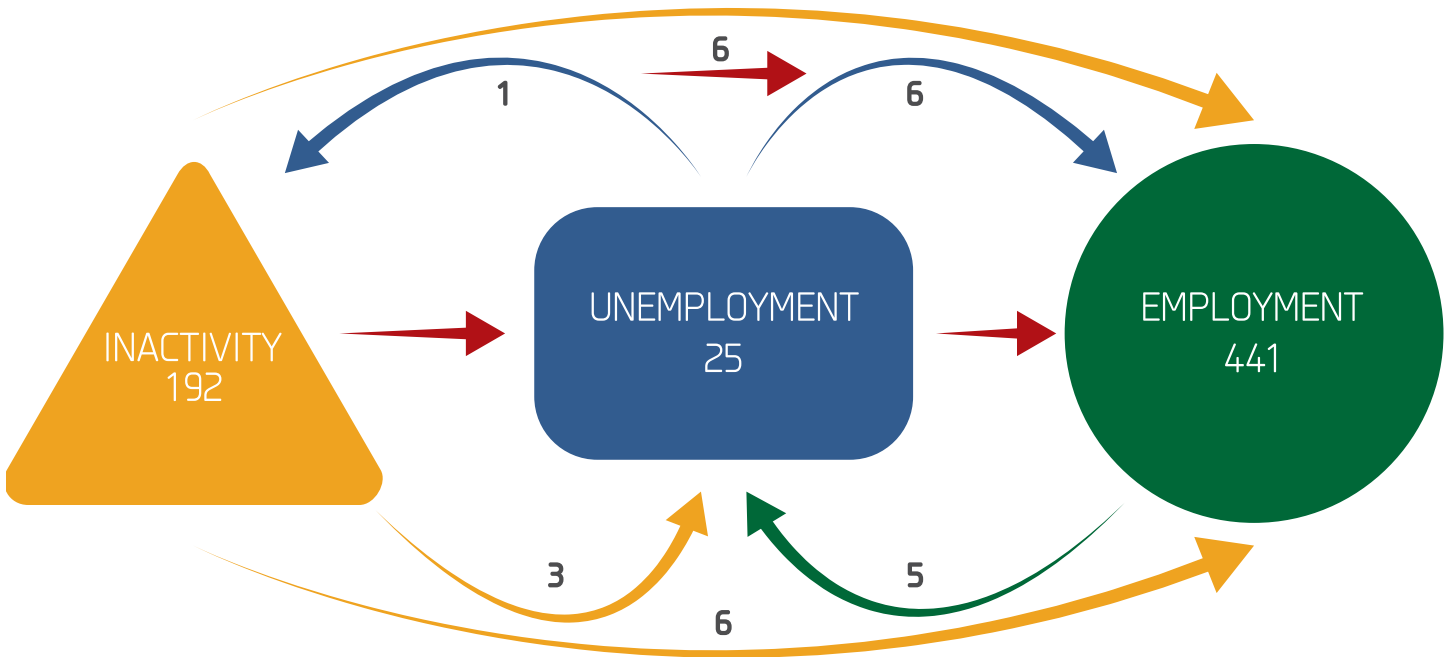
In the 2nd semester of 2022, labour force (as a percentage of the population), increased from 64.6% to 65.5% in relation to the 2nd semester of 2021 and it is at its highest since 1999.

Figure 1 - Labor Force to Population



In regards to the stocks and flows of Employed, Unemployed and Inactive persons, it appears that in the 4th quarter of 2022 compared to the 3rd quarter of 2022, the net flow of **Employment** and **Unemployment** was positive by 1,000 persons, while the net **Inactivity** flow decreased by 2,000 persons (Figure 2). The red arrows indicate the direction of the net flows; thus, they denote the movement of the labor force from inactivity to the labor market and from unemployment to employment.

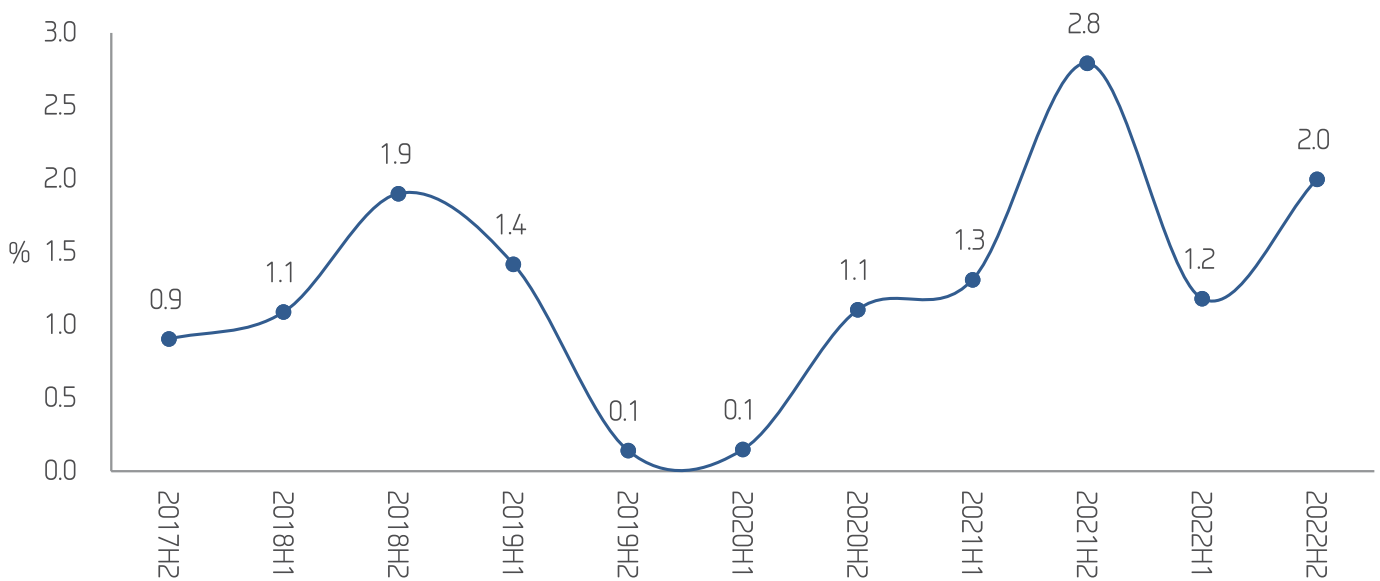
Figure 2 - Employment-Unemployment-Inactivity Stocks and Flows 2022T4¹



B. Labour Supply

In the 2nd half of 2022, compared to the 1st half of 2022, seasonally adjusted **employment** in persons increased by 2% and while non-seasonally adjusted employment increased by 3.1%, compared to the 2nd semester of 2021. Accordingly, seasonally adjusted hours worked increased by 1.9%, while non-adjusted hours increased by 3.8%.

Figure 3 - Seasonally adjusted employment (persons, %)



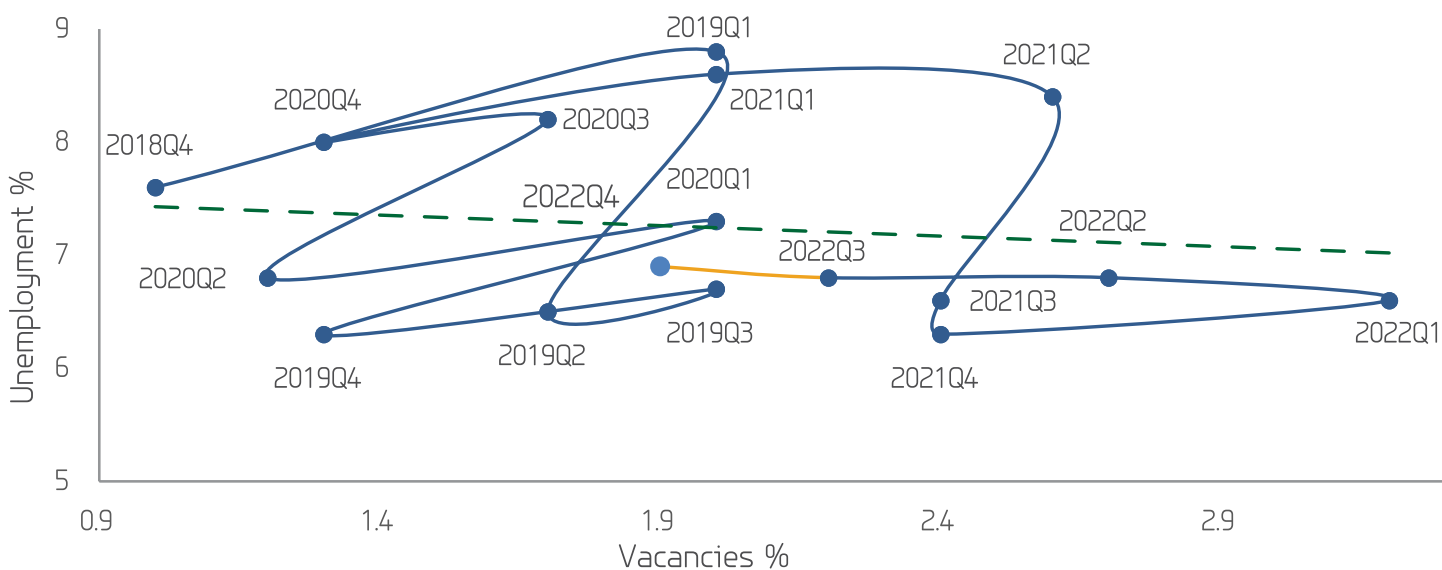
¹ The unit of measurement is thousands of persons

Regarding the **public sector**, employment until to the 2nd semester of 2022 increased by 817 persons in relation to the 2nd semester of 2021 and it amounted to 48,939 persons. Employment in the public sector corresponds to 10.6% of (seasonally adjusted) employment. The increase in employment is mainly attributed to the increase in employment in the education sector.

C. Labour Demand

In terms of labour demand, the unemployment rate in the 2nd semester of 2022 compared to the 2nd semester of 2021 increased to 6.7% from 6.5%. Vacancy rate decreased to 2.1% from 2.4% and this decrease is mainly attributed to the categories “Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles” and “Manufacturing”, while on the contrary the categories “**Financial and Insurance Activities**” and “**Accommodation and Food Serving Activities**” contributed positively. The **Beveridge curve**² (Diagram 4) trends to the left, which indicates that vacancies are increasing.

Diagram 4 – Beveridge curve 2018Q4-2022Q4



To **Natural Rate of Unemployment**³ (NRU) in the 2nd half of 2022, rose to 5.2%, while the rate of **Non-Accelerating Inflation Rate of Unemployment** (NAIRU) to 3%. The NAIRU ensures that at a given point in time, inflation will not be higher than the price level required to keep inflationary expectations stable and thus maintain macroeconomic stability. Therefore, the deviation of 2.2 percentage points between NRU and NAIRU essentially means that by exercising rational economic policy and combating problems of a structural nature, the real unemployment rate can be further reduced.

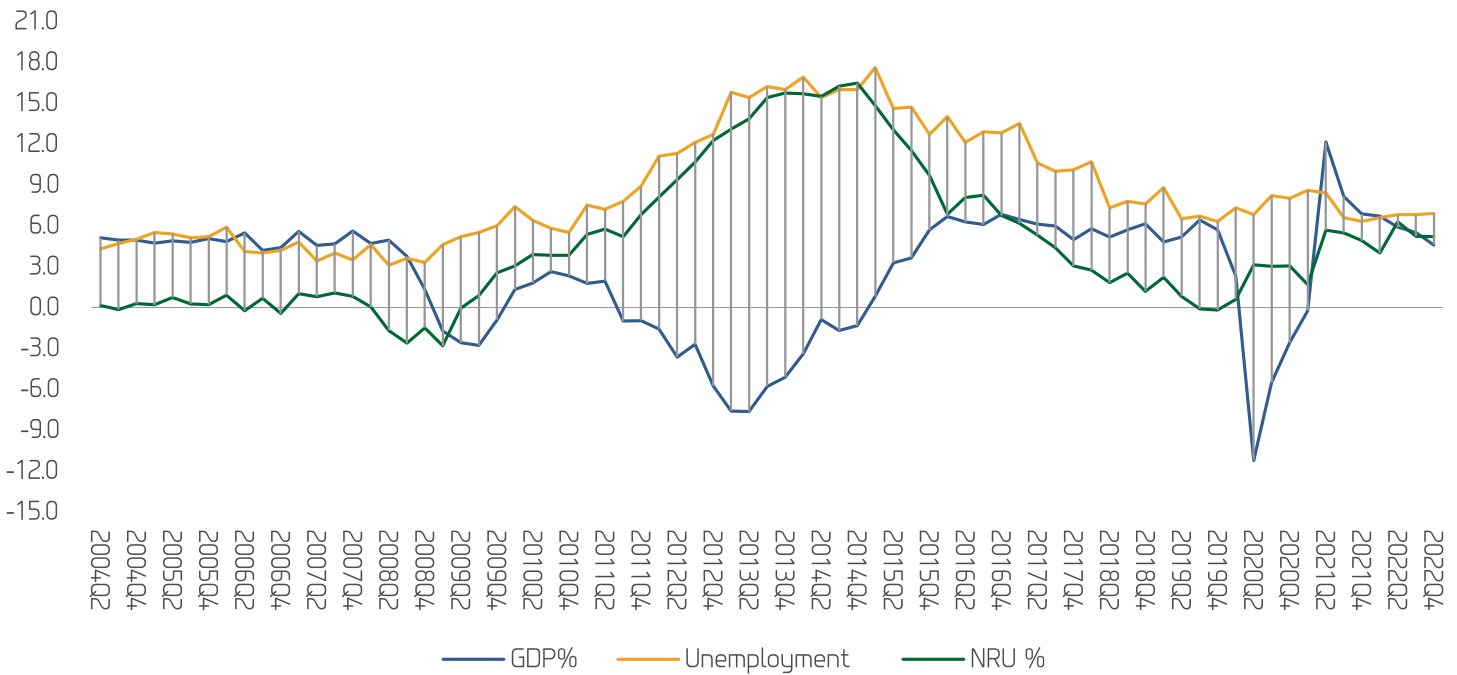
Long-term unemployment (12 months and more) as a percentage of the labour force in the 2nd half of 2022 amounted to 2.1% of the labor force while in the 2nd half of 2021 it was at 2.2%. The proportion of young people (15-29) who were not in Employment, Education or Training (NEET), as a percentage of the total number of young people in the respective age group, remained stable to 15,9% in respect to the 2nd semester of 2021.

The GDP growth rate appears to be correlated with the real unemployment rate and the natural unemployment rate. More specifically, when the GDP growth rates are positive (years 2004-2009 and 2015-2022 - with the exception of the period of the outbreak of the pandemic), unemployment rates have a parallel course, while when the GDP growth rate decreases (2010-2014) unemployment rates increase, with a one-year time lag. From the available data and as shown in Diagram 5, this relationship shows signs of reaching to a long-term macroeconomic stability.

² The Beveridge curve or UV curve is a graphical representation of the relationship between unemployment rates and the job vacancy rate (as a percentage of the labor force).

³ The natural rate of unemployment is the unemployment rate that occurs when the economy is at full employment.

Diagram 5 – Relationship between GDP growth rate and unemployment rate

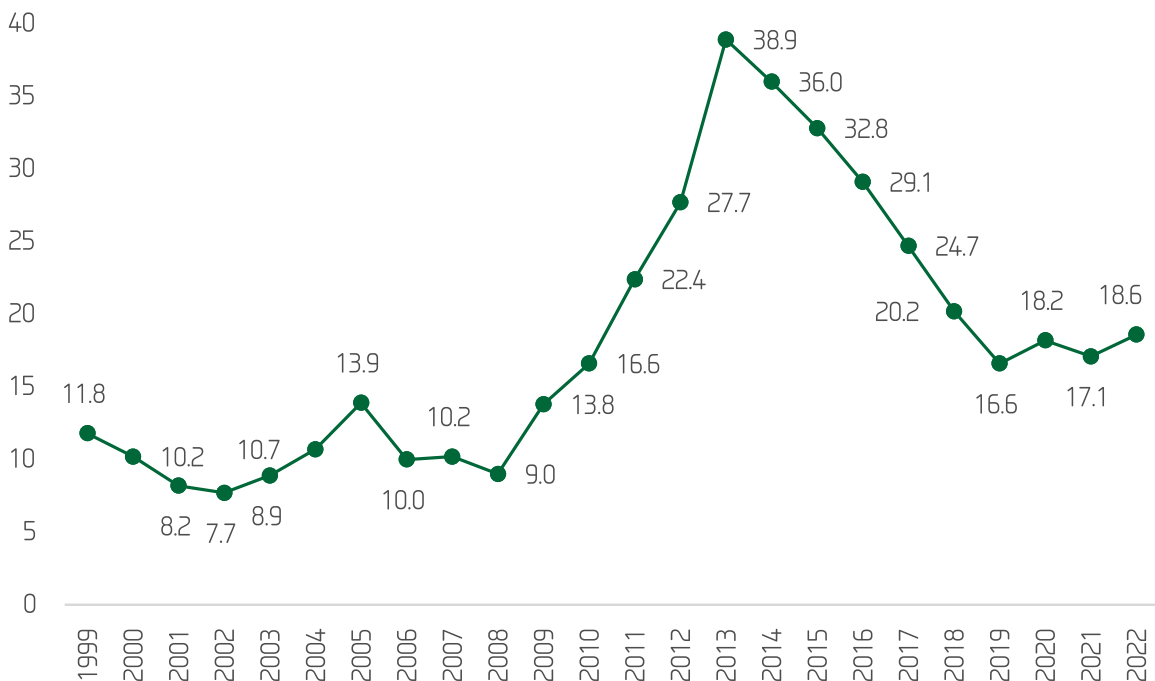


D. Annual Data

In 2022 overall, **employment** in persons increased by 2.9% and in hours by 4.1%, compared to 2021. The **unemployment rate** decreased to 6.8% in 2022 from 7.5% in 2021, while the **vacancy rate** increased to 2.5% from 2.4%. Long-term unemployment (12 months or more) fell to 2.3% from 2.5% in 2021.

The **youth (15-24) labor force participation** rate has remained stable over the past 20 years or so from 42% in 1999 to 42.3% in 2022. The youth unemployment rate (15-24) though has declined compared to 2013-2014, it has not reached the levels of the decade 2000-2010 (Diagram 6).

Diagram 6 – Youth unemployment rate (15-24)



E. Concluding Comments

The Real GDP growth in 2022 of 5.6%, employment and working hours growth by 2.9% and 4.1% respectively, the gradual decline in the unemployment rate as well as the increase in the labor force are clear signs that the labor market has been recovering.

However, it should be noted that the long-term increase in the rate of job vacancies and the stabilization of the natural unemployment rate at relatively high levels may indicate that the labor market is also facing structural issues which may be related to the mismatch of skills with the available jobs and the reduced labor demand in specific sectors. The implementation of further reforms and investments related to employment and education in the context of the Recovery and Resilience Plan can reverse the above trend since they concern reforms of structural nature.