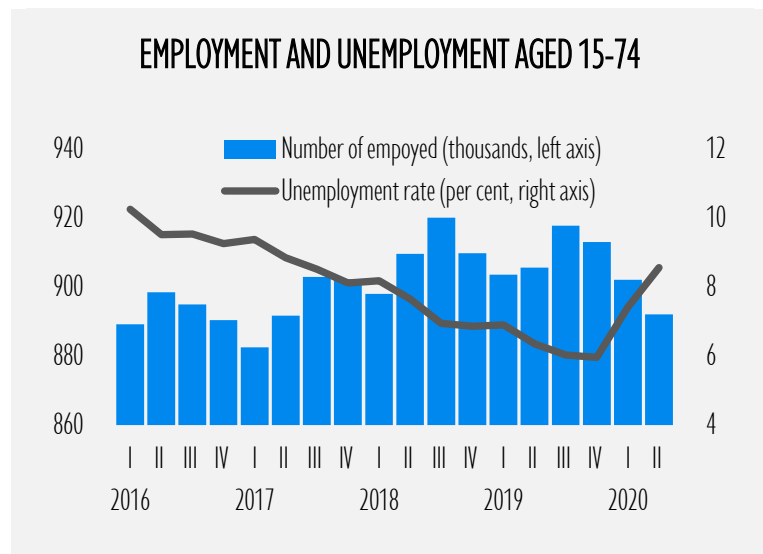


Results of the Labour Force Survey in the 2nd quarter of 2020

In the second quarter of 2020, a moderate decline in the number of employed was observed

According to the Labour Force Survey of the Central Statistical Bureau, in the 2nd quarter of 2020, the number of employed decreased by 13.5 thousand or 1.5%. Meanwhile the number of jobseekers increased by 22 thousand, compared to the corresponding period last year.

Overall the number of employed in the 2nd quarter declined to 892.1 thousand, while the number of jobseekers reached 83.5 thousand – the highest level since the 3rd quarter of 2017. The unemployment rate also approached the average level of 2017, reaching 8.6%, which is by 2.2 percentage points higher than in the second quarter of 2019.



According to the State Revenue Service, in Q2 of 2020, the average number of jobs declined by 74.4 thousand or 9.3%, compared to the corresponding period last year, thus exceeding the decrease in the number of employed almost six-fold. This points to an increase in the share of unregistered economic activities (shadow economy) in the economy during the crisis.

The decline in economic activity, which was affected by the implementation of the Covid-19 pandemic restrictive measures both in the world and in Latvia, has a significant impact on the labour market, as labour-intensive sectors (i.e., transport services / passenger transport, travel agency and tour operator reservation services, accommodation and food services, arts and cultural activities, sports centres, and other sectors directly related to the movement and assembly of the population) are primarily affected. The number of jobs in the directly affected sectors in 2019 alone reached nearly 60 thousand, which is about 7% of the total number of jobs in the economy.

Overall, the support measures introduced so far have mitigated the negative effects of Covid-19 on the labour market. From 12 March to 30 June 2020, more than 55,000 employees and self-employed had received a downtime allowance, which has partly ensured the preservation of jobs and personal income during the emergency period.

Meanwhile, both the registered unemployment rate and the dynamics of registered vacancies indicate that the situation in the labour market has overall stabilized. According to the State Employment Agency, the increase in the registered unemployment rate has ceased at 8.6% and the number of registered jobseekers has been declining since mid-July. At the same time the registered vacancy growth has resumed since May 2020 - from 5 May to 17 August the number of registered vacancies in SEA has increased by more than 3,200.

According to the Labour Force Survey methodology, the number of employed persons is expected to decline by 1.7% in 2020. However, the unemployment rate is anticipated to increase to an average of 8.4%. At the same time, labour market uncertainty remains high. Thus, state support measures will play a key role in maintaining labour market activity. It should be noted that the Latvian Investment and Development Agency (LIAA) has opened applications for wage subsidy programs to the exporting companies and those engaged in tourism activities, which in overall could support the maintenance of employment in companies deeper affected by the crisis.