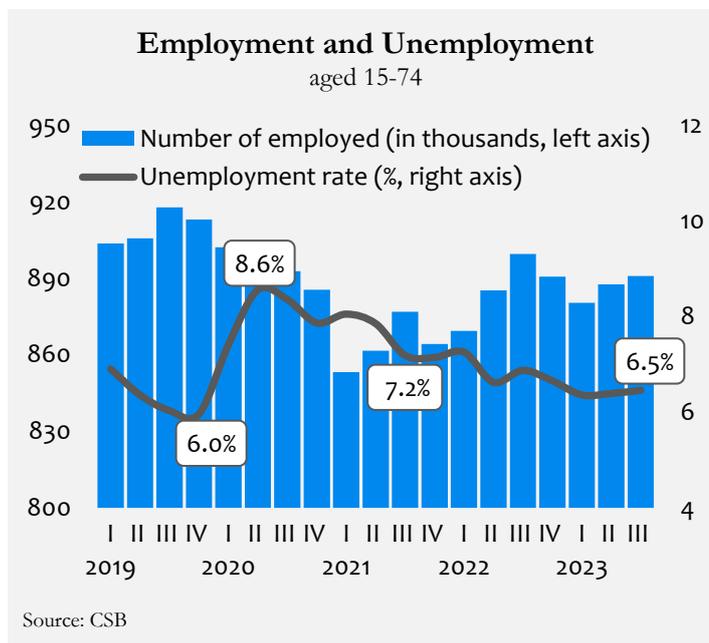


## On the Results of the Labor Force Survey in Q3 of 2023

## The employment rate of citizens reaches the highest indicator since the beginning of 2020

According to the Labor Force Survey data from the Central Statistical Bureau (CSB), in Q3 of 2023, 890.9 thousand citizens aged 15-74 were employed. This reflects a 1% decrease, equivalent to 8.6 thousand fewer employed persons, compared to the same period in the previous year. **However, the employment rate among the population in this age group increased to 64.7%, surpassing the indicator of the 3rd quarter of the previous year by 0.1 percentage points.** This marks the highest rate since the beginning of 2020.



The decline in the number of employed persons on an annual basis can be attributed to the slowing economic growth rate and supply-side factors in the labor market, including a decrease in the working-age population and a drop in the total labor supply.

It is noteworthy that Latvia's employment level remained lower than its neighbors, lagging behind Estonia by 4.4 percentage points (69.1% in Q3 of 2023) and Lithuania by 2 percentage points (66.7% in Q3 of 2023).

Despite the overall economic slowdown and reduced labor demand, the trend of declining unemployment has halted. Nevertheless, unemployment rates remain low, closely approaching pre-pandemic levels (2019). **In Q3 of 2023, the unemployment rate was 6.5%**, which is 0.4 percentage points lower than in the same period of 2022 (6.9%). Latvia's unemployment rate is on average 0.3 percentage points higher than Lithuania (6.2% in the 3rd quarter of 2023) and 0.8 percentage points lower than Estonia (7.3% in the 3rd quarter of 2023).

In Q3 of 2023, 61.5 thousand residents aged 15-74 were actively seeking employment, a decrease of 7.4% or 4.9 thousand compared to Q3 of 2022.

The economic activity level of the population increased to 69.2% in Q3 of 2023, slightly lower than in Q3 of 2022 (69.4%). The number of economically active individuals aged 15-74 was 952.4 thousand, reflecting a decrease of 13.5 thousand compared to Q3 of 2022. The positive impact of the influx of refugees from the war in Ukraine on labor supply dynamics is gradually diminishing, and the return of some refugees may accentuate the negative impact of demographic factors on labor supply dynamics in the coming years.

Considering the economic situation and decreasing seasonal labor demand, a significant increase in labor demand in the last quarter of the year is not anticipated. **The average unemployment rate in 2023 is expected to approach 6.3%**, with the number of employed people remaining close to the 2022 level. In 2024, the labor market is anticipated to be increasingly influenced by supply-side factors,

including negative demographic trends and a decrease in total labor supply, maintaining unemployment at a low level. Despite potential further decreases in unemployment rates or stabilization at current levels, a significant increase in employment is unlikely in 2024, given the constrained supply side and lingering economic uncertainty.