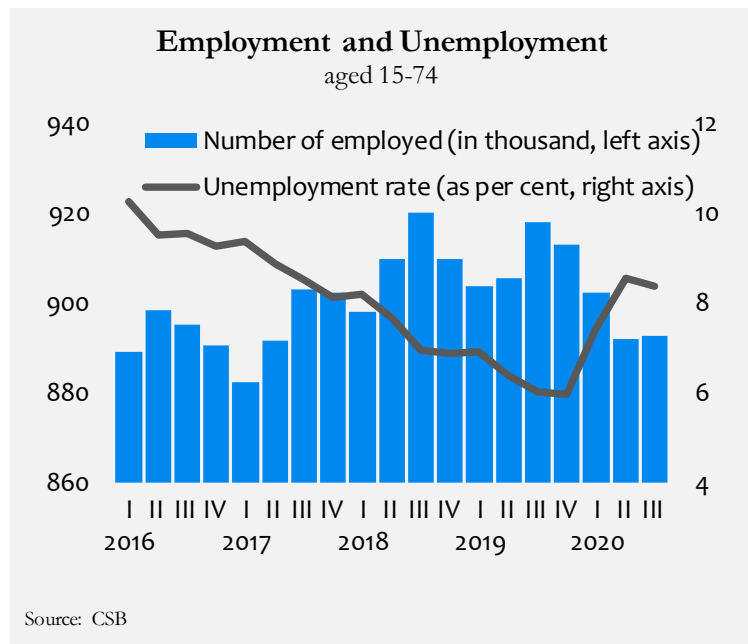


Results of the Labour Force Survey in the 3rd quarter of 2020

Amidst the crisis, the economic activity of the population remains high

According to the Labour Force Survey of the Central Statistical Bureau (CSB), in the 3rd quarter of 2020, compared to the corresponding period last year, the number of employed decreased by 25 thousand or 2.7%. However, compared to the 2nd quarter of 2020, the number of employed has remained essentially unchanged - an increase of 0.1% or 0.7 thousand has been observed. The employment rate among the population aged 15 to 74 reached 64.3%, representing a 0.2 percentage point increase, compared to 2nd quarter of 2020. Nevertheless, the employment rate remains 1.3 percentage points lower than a year ago. In the 3rd quarter of 2020, a total of 892.8 thousand people were employed.



In the 3rd quarter of 2020, the unemployment rate reached 8.4%, which is slightly lower (by 0.2 percentage points) than in the 2nd quarter of 2020. However, the unemployment rate significantly exceeds (by 2.4 percentage points) the level in the 3rd quarter of 2019. Overall, in the 3rd quarter of 2020, the unemployment rate reached its highest level since the 3rd quarter of 2017; 81.4 thousand people were actively searching for a job.

At the same time, despite the decline in overall economic activity, the level of participation in the labour market remained high – in the 3rd quarter of 2020, more than 2/3 (or 70.1%) of the population aged 15-74 were employed or actively searching for a job. For the second consecutive quarter, the participation in the labour market remained at 70.1%, representing the highest level of economic activity in Latvia over the last 20 years (i.e., previously the highest level of participation was observed in the 3rd quarter of 2018). It should be noted that the economic activity has increased during the crisis - the participation rate in the 3rd quarter of 2020 was 0.2 percentage points higher than in the corresponding period last year.

The decline in economic activity caused by the Covid-19 pandemic significantly affects the labour market. Primarily labour-intensive sectors (i.e., transport services/ passenger transport, accommodation and catering, trade, reservation services for travel agencies and tour operators, arts, entertainment, and recreation, sports centres) are affected. According to the data of the State Revenue Service, in the 3rd quarter of 2020, more than 134 thousand people were employed in the directly affected sectors, which represents approximately 15% of employed population in the 3rd quarter of 2020.

At the same time, recent employment and unemployment development trends demonstrate that the state aid measures introduced so far have generally mitigated the negative effects of the Covid-19 pandemic on the labour market, thus allowing for a partial retention of jobs and incomes. Nevertheless, it should be borne in mind that public intervention can only compensate for the slowdown in economic activity in the short term. Therefore, the impact of the crisis on the labour market may increase as economic activity remains low for a prolonged period of time.

According to the methodology of the Labour Force Survey, the total number of employed is anticipated to decline by 1.7% in 2020. Also, the unemployment rate is estimated to reach 8.3%. The situation in the labour market could improve in the spring/ summer of 2021, along with the increase in

seasonal work, and with the stabilization of the overall economic situation. At the same time, it should be noted that uncertainty regarding the recovery of the global economy remains high. Therefore, further development of the economic situation in Latvia and in the world depends on the availability of the new vaccine and its effectiveness.