

On the Results of the Labor Force Survey in Q1 of 2023

In the first quarter of the year, the number of employed citizens grew by 1.2%

According to the Labor Force Survey data of the Central Statistical Bureau (CSB), 880.6 thousand residents aged 15-74 were employed in Q1 of 2021. **Compared to Q1 of 2022, the number of employed persons aged 15 to 74 has increased by 1.2% or 11.1 thousand**, while the employment rate among the population in the corresponding age group has increased to 63.7% - by 0.5 percentage points higher than the previous indicator of the 1st quarter of the year.

It should be noted that the increase in the number of employed persons continues to be affected by both the low base effect (in Q1 of 2023, the number of employed persons was still 21.1 thousand or 3.6% less than in Q1 of 2020), as well as the ever-widening number of Ukrainian refugees' employment.

Along with the increase in employment, the overall unemployment rate also continues to decrease. The unemployment rate decreased to 6.4% in Q1 of 2023, which was 0.9 percentage points lower than in the corresponding quarter of 2022 (7.3%). Overall, in Q1 of 2023, 59.8 thousand residents aged 15-74 were looking for work, which is 12.1% or 8.2 thousand less than in Q1 of 2022.

The recovery of activities in the labor market in general has a positive effect on the supply side of the labor market as well. The level of economic activity of the population increased to 68.3% in the first quarter of 2023, which was 0.1 percentage points higher than the corresponding figure in the first quarter of 2022, thus contributing to the increase in the total labor supply. In Q1 of 2023, the number of economically active population aged 15-74 increased to 940.2 thousand in total, which was 2.9 thousand or 0.3% higher than in the corresponding period of 2022.

The dynamics of the economically active population in the first quarter of 2023 has also been favorably influenced by the increase in the number of economically active age groups. In Q1 of 2023, the number of residents aged 15-74 increased by approximately 6.4 thousand, compared to Q1 of 2022. It should be noted that, similar to the dynamics of the number of employed people, the changes in the population of working age are largely determined by the increase in the flow of refugees from the Ukraine since the beginning of last year.

Although the situation in the Latvian labor market continues to improve, it should be noted that improvements are generally slower than in neighboring countries. The employment rate in Latvia in the first quarter of 2023 was 5.7 percentage points lower than in Estonia (69.4%), but 0.4 percentage points lower than in Lithuania (64.1%). Likewise, the unemployment rate in Latvia in the first quarter remained on average 1.1 percentage points higher than in Estonia (5.3%), but 1.3 percentage points lower than in Lithuania (7.7%).

Considering the slowing down of economic growth, the overall situation in the Latvian labor market in 2023 will remain tentative. A slight increase in labor market activity will continue as seasonal labor demand increases, however, as the low base effect wears off and employment approaches its potential, a significant increase in new jobs and employment is no longer anticipated on an annual basis. **Overall, the unemployment rate could decrease to an average of 6.1% in 2023, while the number of employed persons would remain close to the level of 2022.**

