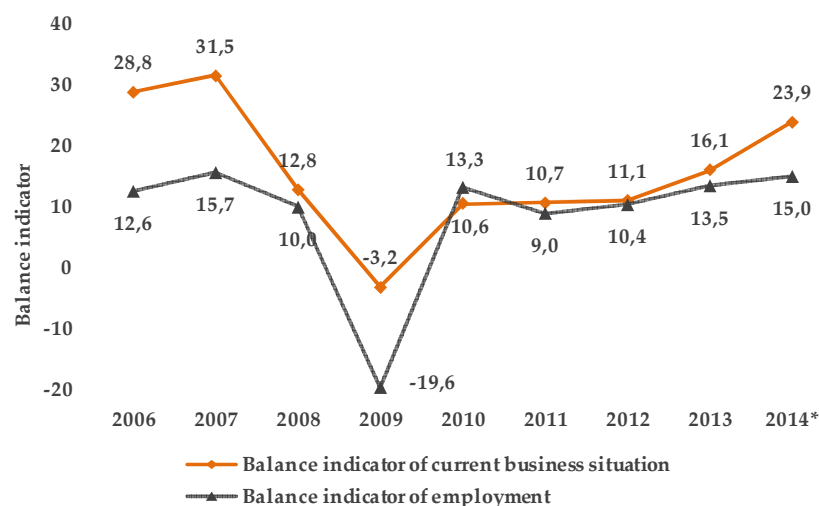


Short-term Labour Market Forecast – 2014

The newest wave of the joint research project by the National Labour Office and the HCCI Institute for Economic and Enterprise Research entitled “Short-term Labour Market Forecast” took place in September and October of 2013. During the survey managers of 7,108 companies were asked about current and expected labour demand. The results can be considered as representative both geographically and by economic sector, as well as by company size. The following is a short presentation of the results compared with other data sources and relevant estimates.

After three years a positive change can be seen in the subjective business situation assessment of companies – the index increased by five percentage points in a year. In the autumn of 2013 the rate of companies that were considered to be in a favourable business situation was 16 percent points higher than those who had a negative outlook. The business outlook for 2014 is more optimistic than at any time in recent years – the index is near 24 points. This optimism can be traced back to the expectations of the companies in the services sector, those within the areas of finance, and export-oriented companies.

Figure 1: Indicators of current business situation and employment



Index: the values shown in the above figure is based on a scale of one hundred percent. In all cases the index shows the difference between the proportion of positive and negative business situation assessments. Thus, the index can vary between -100 and +100. A value of -100 means all firms take a negative view of their business situation and +100 means every company takes a positive view of their situation.

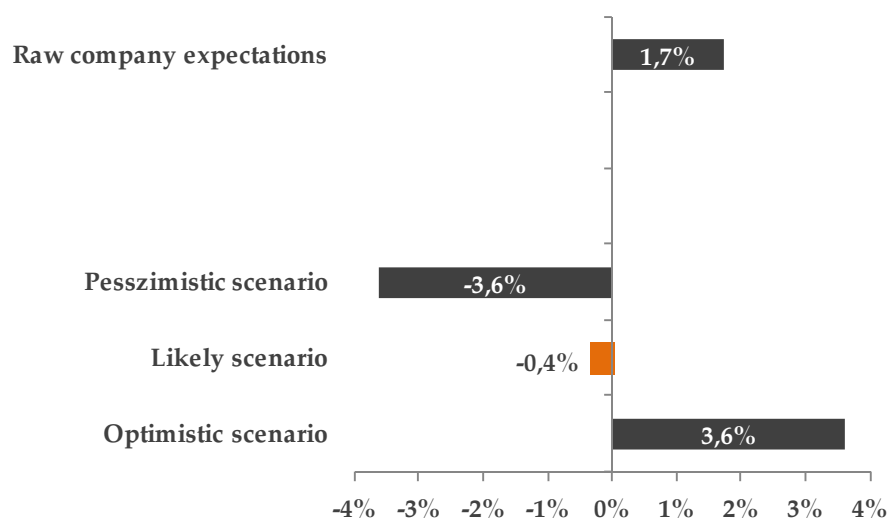
Source: NLO, IEER 2006-2013

The employment indicator rose slightly by 3 percentage points, which has been its highest value since 2007. Expectations for 2014 are more moderate in the case of the current business situation, with just a 1.5 point increase expected in the index.

Based on the generally overly-optimistic projections of firms, a 1.7 percentage point increase in employment is expected. Contrarily, according to the correction of IEER, a decline of 0.4 percentage points is more likely to occur. A growth rate of 3.6 percent cannot be excluded if there is a significant improvement in the macroeconomic environment, just as an unexpected deterioration of the environment may also result in a 3.6 percent decrease of the employment.

According to the likely scenario employment in 2014 in the private sector is expected to increase by 1.7 percentage points for the industrial sector and by 2.8 percentage points for firms that produce mostly for export.

Figure 2: Expected Change in employment in 2014



Source: NLO-IEER (n=3877)

Note: among companies with more than 10 employees

Overall, it can be said that the private sector has hitherto unseen optimistic expectations for the start of 2014. However, the expected improvement of the business environment for the private sector is not expected to involve a significant increase in employment.