Labor Market Reports: labor market recovery continues

Labor Market Reports: labor market recovery continues
As of February 2022, the labor market showed signs of recovery with a sustained employment growth as seen in both household surveys and various administrative records. Different sources of information suggest that the level of employment is slightly above what it was before the pandemic. The positive employment performance is seen in the cities and rural areas. Likewise, most of the economic sectors registered increases in employment. The indices of job openings, which reflect the need for people to fill new job positions in the formal sector, confirm the diagnosis of a favorable environment for employment. The greatest growth in job openings is in highly skilled occupations, notably including professionals, scientists and intellectuals, and technicians.

In terms of labor supply, there has also been a significant recovery. This trend, together with the higher employment, is reflected in a reduction of the unemployment rate (UR) during the last few months. When the unemployment figures are broken down, it can be seen that the greatest reduction has been registered in the urban domain. Although significant changes in wages have not yet been seen, not only indicators of slack but also bottlenecks and the Beveridge curve show a tightening labor market. Given the economic growth forecasts of the technical staff at Banco de la República for 2022 that are included in the April 2022 Monetary Policy Report, the forecasts place the national UR between 10% and 11.9% on average for that year. Meanwhile, estimates of the non-inflationary unemployment rate (Nairu) suggest an urban unemployment gap that is close to zero for 2022. These estimates could suggest that the reduced slack in the labor market is no longer generating downward pressure on inflation.

This report is divided into two sections. In the first one, the above-described economic facts of the labor market are discussed in depth. In the second, the update of the General Integrated Household Survey (GEIH) done by DANE and the main changes generated in the labor market indicators are studied. In addition to updating the geostatistical framework and population projections constructed from the 2018 National Population Census, the survey update served to incorporate recommendations from multilateral organizations such as the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD) in order to improve the classification and description of the working-age population (WAP), make population groups statistically visible, and align labor market indicators with new international standards. The main changes found in the labor market indicators are due to several factors. First, the PET threshold was updated and the level of the population outside the labor force (inactive) was lowered by subtracting about 2.9 million minors between 10 and 14 years of age. Second, how the employed population was classified and described was modified. However, this change does not seem to have had a substantial impact on this population. Thus, it is most likely that the changes in the level of those employed that are seen are due to the updating of the geostatistical framework. Finally, the unemployed population is the least affected in the survey update. In addition, this special report presents a provisional proposal for the merging and seasonal adjustment of the main labor market aggregates for the study of labor market dynamics, which will be used in this and future reports until such time as DANE publishes definitive official merged and seasonally adjusted series.

Fuente: https://www.banrep.gov.co/en/labor-market-reports-labor-market-recovery-continues