press release

23.3% OF THE UNEMPLOYED IN THE 4TH QUARTER OF 2022 MOVED INTO EMPLOYMENT IN THE 1ST QUARTER OF 2023

Of the total people who were unemployed in the 4th quarter of 2022, 57.0% (195.3 thousand) remained in that state in the 1st quarter of 2023, 23.3% (79.7 thousand) moved into employment and 19.8% (67.7 thousand) moved into inactivity.

In the same period, 24.5% (39.2 thousand) of unemployed men and 22.1% (40.6 thousand) of unemployed women moved into employment.

From the 4th quarter of 2022 to the 1st quarter of 2023, 31.3% (62.2 thousand) of the short-term unemployed and 15.5% (23.1 thousand) of those belonging to the "potential workforce" moved into employment.

At the same time, 10.5% (72.9 thousand) of those who were self-employed and 21.0% (71.8 thousand) of those who were unemployed in the previous quarter became employees.

Of the total of employees who, in the 4th quarter of 2022, had a temporary work contract or other contractual arrangement, 21.0% (151.4 thousand) moved into a permanent work contract in the 1st quarter of 2023.

Of the total of workers who were part-time workers in the 4th quarter of 2022, 17.1% (66.1 thousand) changed to full-time work in the 1st quarter of 2023.

The percentage of persons who remained employed between the 4th quarter of 2022 and the 1st quarter of 2023, but changed job, increased by 0.2 pp compared to the last quarter, standing at 3.8% (177.7 thousand).

Of the total people who were employed in the 4th quarter of 2022, 96.3% (4,723.2 thousand) remained in that state in the 1st quarter of 2023, while 1.6% (80.6 thousand) moved into unemployment and 2.0% (99.2 thousand) changed into inactivity (Figures 1 and 2 and Table 1 in the annex).

At the same time, 57.0% (195.3 thousand) of the unemployed remained unemployed, while 23.3% (79.7 thousand) moved to employment and 19.8% (67.7 thousand) to inactivity.

As a result, the net flow of employment (that is, total inflows minus total outflows) was positive and estimated at 21.8 thousand persons (as the quarterly change of the employed population in the 1st quarter of 2023). In the same way, the net flow of unemployment was positive and estimated at 37.6 thousand persons (as the quarterly

change of the unemployed population in the 1st quarter of 2023), as the number of people who moved into unemployment (185.0 thousand) was higher than the number of those who left that state (147.4 thousand).

Figure 1. **Quarterly labour market flows**
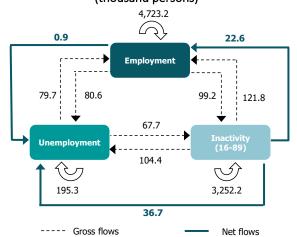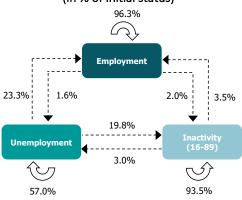**(thousand persons)**

Figure 2. **Quarterly labour market flows**
(in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Considering the flows from unemployment by sex (Figures 3 and 4), it is estimated that 24.5% (39.2 thousand) of unemployed men and 22.1% (40.6 thousand) of unemployed women in the 4th quarter of 2022 moved into employment in the 1st quarter of 2023.

In the same period, 16.9% (26.9 thousand) of men and 22.3% (40.8 thousand) of women in unemployment moved into inactivity.

Figure 3. **Unemployment quarterly flows – Males**
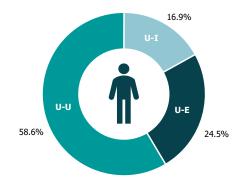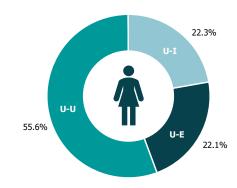**(in % of initial status)**

Figura 4. **Unemployment quarterly flows – Females**
(in % of initial status)

U-E: Transition unemployment-employment   U-U: Transition unemployment-unemployment   U-I: Transition unemployment-inactivity

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Figure 4 shows the quarterly changes and net flows into unemployment for the harmonized series since 2011, thus allowing to quantify the contribution of each flow to the quarterly change in unemployment. For the third consecutive quarter, the net flow between inactivity and unemployment is the one that most contributes to the positive change in unemployment.
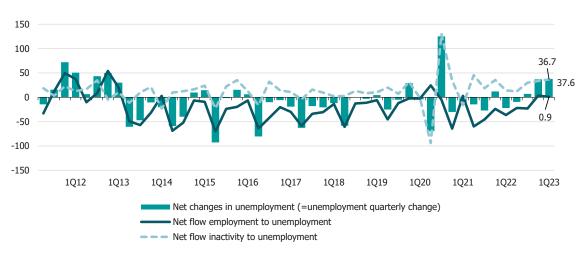
Figure 4. **Quarterly net flows into unemployment (thousand persons)**

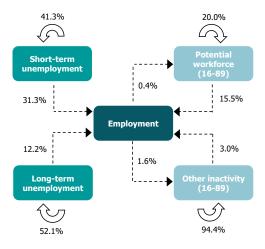Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Figure 5 shows that 31.3% of short-term unemployed and 15.5% of those belonging to the "potential workforce" in the 4th quarter of 2022 moved into employment in the 1st quarter of 2023. In the same period, 12.2% of long-term unemployed and 3.0% of "other inactive" also moved into employment.
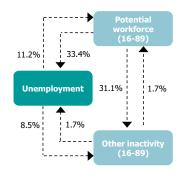
According to Figure 6, 33.4% of those in the "potential workforce" in the 4th quarter of 2022 moved into unemployment in the 1st quarter of 2023. These are non-employed persons who, in the 4th quarter of 2022, did not actively search for a job or did not show availability to start working in the reference week or in the following two weeks if they had found a job and who, in the 1st quarter of 2023, met both criteria (active search and availability to start working), thus becoming part of the unemployed population.

In addition, 31.1% of those who were in the "potential workforce" in the 4th quarter of 2022 moved to the "other inactivity" in the 1st quarter of 2023, which means that they no longer actively search for a job and are not available to start working in the reference period, thus staying further away from the labour market.

Figure 5. Quarterly flows between employment, unemployment (by duration) and type of inactivity (in % of initial status)

Figure 6. Quarterly flows between unemployment and type of inactivity (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.
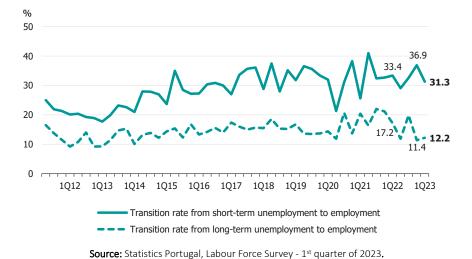
Notes:
Potential workforce - the group of inactives available to work, but not looking for a job and of inactives searching for a job, but not available to work.
Other inactivity - includes every inactive person who is not part of the "Potential workforce".

Figure 7 shows the quarterly flows from short-term and long-term unemployment to employment (in % of the initial state) referring to the harmonized series since 2011. In the case of the transition from short-term unemployment to employment, there was a decrease of 5.6 pp compared to the previous quarter and of 2.1 pp compared to the same quarter of the previous year. The transition from long-term unemployment to unemployment increased by 0.8 pp in relation to the previous quarter and decreased by 5.0 pp compared to the same quarter of the previous year. Transition rates from short-term unemployment to employment are consistently higher than those for long-term unemployment.

Figure 7. Quarterly flows between unemployment (by duration) and employment (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

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In the case of flows to employment by type of inactivity (Figure 8), the results indicate a decrease of 0.6 pp in the transition from the "potential workforce" to employment between the previous quarter and the current quarter. Compared to the same quarter of the previous year, this flow increased by 4.1 pp.

Figure 8. **Quarterly flows between inactivity (by type) and employment (in % of initial status)**

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Figure 9. **Quarterly flows between professional status, unemployment and inactivity (in % of initial status)**

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Note: Due to low reliability, estimates regarding the flows between self-employment and unemployment are not published (these are transitions with little expression in the labour market).

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From the 4th quarter of 2022 to the 1st quarter of 2023, 10.5% (72.9 thousand) of those self-employed became employees. On the other hand, 1.8% (73.4 thousand) of those who were employees moved to self-employment.

In the same period, 21.0% (71.8 thousand) of the unemployed became employees.

Of the total of employees in the 4th quarter of 2022, 1.6% (65.7 thousand) moved into inactivity in the 1st quarter of 2023, while 3.3% (22.7 thousand) of those who were self-employed moved into inactivity.

According to Figure 10, the percentage of self-employed workers who, in the 1st quarter of 2023, moved to employee increased by 0.7 pp compared to the previous quarter and by 0.9 pp compared to the same period of the previous year.

Figure 10. Quarterly flows by professional status (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Of all employees that had a temporary job in the 4th quarter of 2022, 21.0% (151.4 thousand) moved to a permanent job in the 1st quarter of 2023.

Figure 11. Quarterly flows by permanency of the job (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Notes:
Permanent job - employees with a permanent job or work contract of unlimited duration.
Temporary job - employees with a temporary job or other contractual arrangement of limited duration.

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Figure 12 shows that the percentage of employees who had a temporary job and moved to a permanent job in the 1st quarter of 2023 increased by 0.7 pp in relation to the previous quarter and decreased by 1.0 pp compared to the same quarter of the previous year.
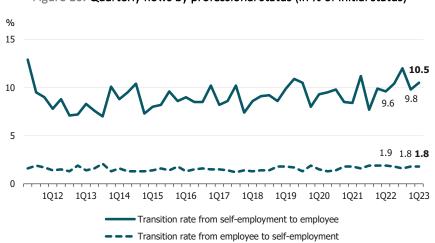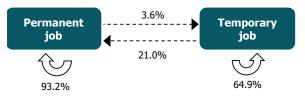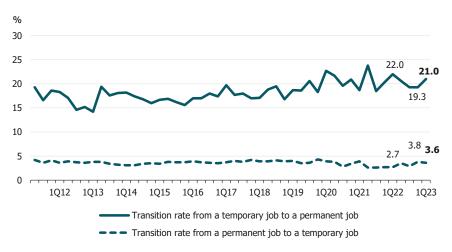
Figure 12. **Quarterly flows by permanency of the job (in % of initial status)**

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

From the 4th quarter of 2022 to the 1st quarter of 2023, 17.1% (66.1 thousand) of all workers with a part-time job moved to a full-time job. At the same time, 13.9% (36.9 thousand) of all employees with a part-time job changed to a full-time job.

Figure 13. **Quarterly flows between full-time and part-time workers (in % of initial status)**

Figure 14. **Quarterly flows between full-time and part-time employees (in % of initial status)**

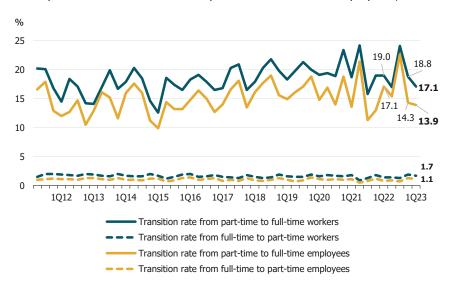Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

Compared to the previous quarter, the flow from part-time to full-time workers decreased by 1.7 pp, while in comparison to the same quarter of 2022 the decrease was 1.9 pp. Considering the employees, these flows decreased by 0.4 pp and by 3.2 pp compared to the same periods, respectively.

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Figure 15. Quarterly flows between full-time and part-time workers and employees (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

The percentage of persons who remained in employment between the 4th quarter of 2022 and the 1st quarter of 2023, but changed job, was 3.8% (177.7 thousand), having increased by 0.2 pp compared to the previous quarter and the same quarter of the previous year.

This indicator includes persons who, not having moved directly from one job to another, may have been, within a quarter, temporarily unemployed or inactive before moving to a new job. It excludes, however, persons whose work contracts were renewed with the companies where they worked or with temporary work companies, as they do not constitute a change of employer. The quarterly job-to-job transition rate allows defining the relationship between the employed population moving from one job to another within a quarter and the quarterly flow from employment to employment

Figure 16. Quarterly job-to-job transition rate (in % of transition employment - employment)

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

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The results of the 4th quarter of 2022, released by Eurostat on 17 March 2023[1], concerning the quarterly labour market flows of the population aged between 15 and 74, indicate that 25.3% of those who were unemployed in Portugal in the 3rd quarter of 2022 moved into employment, this figure being equal to that of the European Union. In the same period, 21.4% of the unemployed in Portugal moved into inactivity, while in the European Union this flow was fixed at 24.2%.

Figure 17. **Labour market flows in the 4th quarter of 2022 in the European Union (EU-27) and Portugal (population aged 15 to 74; in % of initial status)**

E-E: Transition employment-employment	**E-U**: Transition employment-unemployment	**E-I**: Transition employment-inactivity
U-E: Transition unemployment-employment	**U-U**: Transition unemployment-unemployment	**U-I**: Transition unemployment-inactivity
I-E: Transition inactivity-employment	**I-U**: Transition inactivity-unemployment	**I-I**: Transition inactivity-inactivity

Source: Eurostat, Transitions in labour market status in the EU, 2022Q3-2022Q4 (population aged 15-74; in % of initial status) [LFSI_LONG_Q].

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[1] The European Union Labour Market Flows for the 1st quarter of 2023 are expected to be released by Eurostat on 16 June 2023. For Portugal, those aged 15 in the 3rd quarter of 2022 are included in the inactivity into inactivity flow (remain in inactivity).

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Table 1. Quarterly and annual labour market flows – Main results

Portugal	Quarterly value			Rate of change	
	1Q-2022	**4Q-2022**	**1Q-2023**	**On year**	**On quarter**
Flows	**Thousand people**			**%**	
Transition employment - employment	4,725.2	4,704.7	4,723.2	0.0	0.4
Transition employment - unemployment	48.3	83.4	80.6	67.0	-3.3
Transition employment - inactivity	105.5	141.1	99.2	-6.0	-29.7
Transition unemployment - employment	84.7	80.0	79.7	-5.8	-0.3
Transition unemployment - unemployment	178.7	161.3	195.3	9.3	21.1
Transition unemployment - inactivity	67.3	64.5	67.7	0.6	4.9
Transition inactivity - employment	91.1	118.3	121.8	33.8	3.0
Transition inactivity - unemployment	81.5	98.0	104.4	28.1	6.6
Transition inactivity - inactivity	3,308.6	3,247.7	3,252.2	-1.7	0.1
Flows	**In % of initial status**			**pp**	
Transition employment - employment	96.8	95.4	96.3	-0.5	0.9
Transition employment - unemployment	1.0	1.7	1.6	0.6	-0.1
Transition employment - inactivity	2.2	2.9	2.0	-0.2	-0.9
Transition unemployment - employment	25.6	26.2	23.3	-2.3	-2.9
Transition unemployment - unemployment	54.0	52.7	57.0	3.0	4.3
Transition unemployment - inactivity	20.4	21.1	19.8	-0.6	-1.3
Transition inactivity - employment	2.6	3.4	3.5	0.9	0.1
Transition inactivity - unemployment	2.3	2.8	3.0	0.7	0.2
Transition inactivity - inactivity	95.0	93.8	93.5	-1.5	-0.3

Source: Statistics Portugal, Labour Force Survey - 1st quarter of 2023.

TECHNICAL NOTE

The main purpose of the Labour Force Survey (LFS) is to classify the population in terms of their participation in labour market. It is a quarterly sample survey, addressed to all persons living in private dwellings in the national territory.

Most of the characteristics observed in this survey report to the situation in one pre-defined week (from Monday to Sunday), known as reference week. The reference weeks are uniformly distributed throughout the quarters and years. The interviews usually take place in the week following the reference week.

The information is obtained directly, through computer-assisted interview, by using a mixed data collection mode: the initial interview is done face-to-face by an interviewer visiting the household and the other five interviews are done by telephone if certain requirements are met. It should be noticed that, following the COVID-19 pandemic and the measures adopted by the competent authorities, Statistics Portugal has decided, between the first fortnight of March 2020 and the end of the collection of the 2nd quarter of 2022, to suspend the face-to-face collection mode, replacing it exclusively by telephone interviews.

LABOUR MARKET FLOW STATISTICS – 1st quarter of 2023

The LFS sample (consisting of private dwellings as usual residence) is divided into six subsamples (rotations), and in each quarter a subsample is replaced by a new one (selected under the same design) after being observed for six consecutive quarters. This rotation design introduces a longitudinal component, thus allowing the follow-up of persons who remain in the sample for a maximum period of one and a half year.

Estimates of quarterly flows between labour market states are calculated taking into account the subsample of persons who responded simultaneously to the reference quarter and the previous quarter, which represents about 5/6 of the quarterly sample size. Considering that the scope of the flows refers to persons aged between 16 and 89 years old in the reference quarter, persons aged 15 years old in the previous quarter are included in the subsample and are classified as inactive. Persons aged 89 years old in the previous quarter and that have turned 90 years old in the reference quarter are excluded from the subsample. For this reason, the quarterly change in the employed population may not exactly match the net flow of employment published in this press release. However, this fact does not affect the analyzes carried out

The weighting factors of persons in the subsample of quarterly flows are calculated, in a first step, from the cross-sectional weights of the reference quarter. These weights are adjusted according to the estimates of the resident population by NUTS III region in the reference quarter to compensate the sample size reduction. In a second step, these weights are calibrated in order to ensure the consistency of the estimates of quarterly flows with the quarterly estimates according to:

i) estimates of the employed, unemployed and inactive population by sex and ten-year age groups in the reference quarter;
ii) estimates of the employed, unemployed and inactive population by sex in the previous quarter;
iii) estimates of the resident population by NUTS II region, sex and ten-year age groups in the reference quarter;
iv) estimates of the employed population by professional status in the reference quarter and in the previous quarter;
v) estimates of employees by type of work contract in the reference quarter and in the previous quarter;
vi) estimates of the total employed population and employees by full-time or part-time job in the reference quarter and in the previous quarter;
vii) estimates of the unemployed population by duration of unemployment in the reference quarter and in the previous quarter;
viii) estimates of the inactive population by type of inactivity in the reference quarter and in the previous quarter.

The estimates for the 2011 series are comparable with the series started in 2021, as described in the note attached to the Press Release of 12 May 2021, and the resident population estimates are calculated from the final results of the 2011 Census.

For reasons of consistency, quarterly changes in the total population (movements in and out of scope: natural balance and the net migration) are reflected in the inactive population of the previous quarter. For this reason, the estimates of flows referring to the inactive population aged 16 to 89 may not exactly match with those published in the Statistics Portugal website.

Due to rounding, the totals in tables and figures do not always match the sum of parts.

For more detailed information consult the Labour Force Survey methodological document (only in Portuguese) available at the Statistics Portugal website.

LABOUR MARKET FLOW STATISTICS – 1st quarter of 2023

The complete series of quarterly flows since 2011 can be found in the Excel files attached to the Press Release and that these are updated quarterly on the Statistics Portugal website.

SOME CONCEPTS

Unemployed: person aged 16 and 74 who during the reference period met simultaneously the following situations:

- neither had a job nor was at work;
- had actively sought work, i.e. had actively searched for a paid or unpaid job during the specified period (reference period or the three previous weeks); and
- was available for a paid and unpaid job.

Employed: person aged 16 to 89 who, during the reference period, was in one of the following situations:

- worked for at least one hour for a wage or salary, in cash or in kind (including unpaid family work);
- had a formal attachment to his/her job but was not at work temporarily;
- was in early retirement but working in the reference week.

Inactive: person aged below 16, above 89, 16 to 89 who, during the reference period, could not be considered active, *i.e.*, was neither employed nor unemployed.

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