

14 February 2024 LABOUR MARKET FLOW STATISTICS 4<sup>th</sup> quarter of 2023

# 24.5% OF THE UNEMPLOYED IN THE 3<sup>RD</sup> QUARTER OF 2023 MOVED INTO EMPLOYMENT IN THE 4<sup>TH</sup> QUARTER OF 2023. BETWEEN 2022 AND 2023 THIS SHARE WAS 41.0%.

# In the 4th quarter of 2023

Of the total persons who were unemployed in the 3<sup>rd</sup> quarter of 2023, 51.9% (169.4 thousand) remained in that state in the 4<sup>th</sup> quarter of 2023, 24.5% (80.0 thousand) moved into employment and 23.5% (76.8 thousand) moved into inactivity.

In the same period, 20.3% (30.2 thousand) of unemployed men and 28.1% (49.8 thousand) of unemployed women moved into employment.

From the 3<sup>rd</sup> quarter of 2023 to the 4<sup>th</sup> quarter of 2023, 30.3% (62.3 thousand) of the short-term unemployed and 14.9% (22.1 thousand) of those inactives belonging to the "potential workforce" moved into employment.

At the same time, 11.3% (79.2 thousand) of those who were self-employed and 22.1% (72.0 thousand) of those who were unemployed in the previous quarter became employees.

Of the total of employees who, in the 3<sup>rd</sup> quarter of 2023, had a temporary work contract or other contractual arrangement, 20.6% (155.1 thousand) moved into a permanent work contract in the 4<sup>th</sup> quarter of 2023.

Of the total of workers who were part-time workers in the 3rd quarter of 2023, 20.7% (84.8 thousand) changed to full-time work in the  $4^{th}$  quarter of 2023.

The percentage of persons who remained employed between the 3<sup>rd</sup> quarter of 2023 and the 4<sup>th</sup> quarter of 2023, but changed jobs, increased by 0.4 pp compared to the last quarter, standing at 3.7% (177.4 thousand).

## In 2023

Of the total unemployed persons in 2022, 36.0% (114.8 thousand) remained in that state in 2023, while 41.0% (130.7 thousand) moved into employment and 23.1% (73.6 thousand) to inactivity.

In the same period, 42.6% (62.7 thousand) of unemployed men and 39.6% (68.1 thousand) of unemployed women moved into employment.

From 2022 to 2023, 50.6% (88.5 thousand) of the short-term unemployed and 30.7% (49.6 thousand) of those belonging to the "potential workforce" moved into employment.

At the same time, 14.2% (99.9 thousand) of those who were self-employed and 37.0% (117.9 thousand) of those who were unemployed became employees.

Of the total of employees who, in 2022, had a temporary work contract or other contractual arrangement, 34.3% (235.0 thousand) moved into a permanent work contract in 2023.

Of the total of workers who, in 2022, worked part-time, 26.3% (100.0 thousand) moved to full-time work in 2023.

The percentage of persons who remained employed between 2022 and 2023, but changed job, increased by 1.1 pp compared to the previous year, standing at 9.2% (423.0 thousand).

# 1. Quarterly flows

Of the total persons who were employed in the  $3^{rd}$  quarter of 2023, 95.6% (4,795.2 thousand) remained in that state in the  $4^{th}$  quarter of 2023, while 1.8% (90.9 thousand) moved into unemployment and 2.6% (129.4 thousand) changed into inactivity (Figures 1 and 2 and Table 1 in the annex).

At the same time, 51.9% (169.4 thousand) of the unemployed remained unemployed, while 24.5% (80.0 thousand) moved into employment and 23.5% (76.8 thousand) into inactivity.

As a result, the net flow of employment (that is, total inflows minus total outflows) was negative and estimated at 35.0 thousand persons (as the quarterly change of the employed population in the 4<sup>th</sup> quarter of 2023). The net flow of unemployment was positive and estimated at 28.5 thousand persons (as the quarterly change of the unemployed population in the 4<sup>th</sup> quarter of 2023), as the number of persons who moved into unemployment (185.2 thousand) was higher than the number of those who left that state (156.8 thousand).

Figure 1. Quarterly labour market flows (thousand persons)

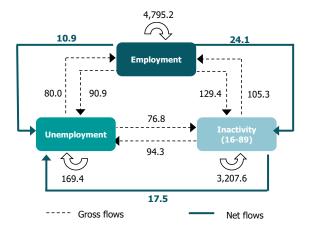
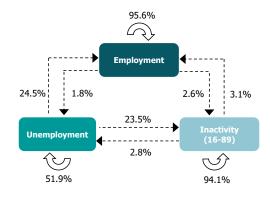


Figure 2. Quarterly labour market flows (in % of initial status)



**Source**: Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.

Considering the flows from unemployment by sex (Figures 3 and 4), it is estimated that 20.3% (30.2 thousand) of unemployed men and 28.1% (49.8 thousand) of unemployed women in the  $3^{rd}$  quarter of 2023 moved into employment in the  $4^{th}$  quarter of 2023.

In the same period, 22.6% (33.7 thousand) of men and 24.3% (43.1 thousand) of women in unemployment moved into inactivity.

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

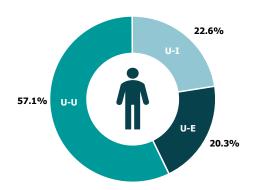
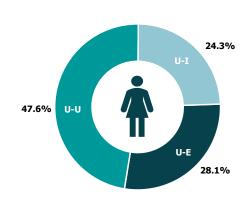


Figure 4. Unemployment quarterly flows – Females (in % of initial status)



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

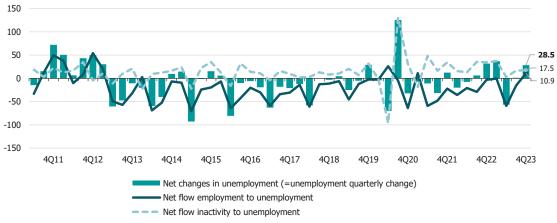
**U-U**: Transition unemployment-unemployment

U-I: Transition unemployment-inactivity

**Source**: Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.

Figure 4 shows the quarterly changes and net flows into unemployment for the harmonized Labour Force Survey data series since 2011, thus allowing to quantify the contribution of each flow to the quarterly change in unemployment.

Figure 4. Quarterly net flows into unemployment (thousand persons)



**Source**: Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.

In the 4<sup>th</sup> quarter of 2023, the net flow between inactivity and unemployment is the one that contributes to the increase in unemployment, as the difference between the number of persons who moved from inactivity to unemployment (94.3 thousand) and the number of those who moved from unemployment to inactivity (76.8 thousand) is positive and higher than the difference between the number of persons who moved from employment to unemployment (90.9 thousand) and those who moved from unemployment to employment (80.0 thousand).

Figure 5 shows that 30.3% of short-term unemployed and 14.9% of those inactives belonging to the "potential workforce" in the 3<sup>rd</sup> quarter of 2023 moved into employment in the 4<sup>th</sup> quarter of 2023. In the same period, 14.6% of long-term unemployed and 2.6% of "other inactive" also moved into employment.

According to Figure 6, 27.5% of those inactives in the "potential workforce" in the 3<sup>rd</sup> quarter of 2023 moved into unemployment in the 4<sup>th</sup> quarter of 2023. These are non-employed persons who, in the 3<sup>rd</sup> quarter of 2023, 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 4<sup>th</sup> quarter of 2023, met both criteria (active search and availability to start working), thus becoming part of the unemployed population.

In addition, 37.6% of those inactives who were in the "potential workforce" in the 3<sup>rd</sup> quarter of 2023 moved into the "other inactivity" in the 4<sup>th</sup> 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)

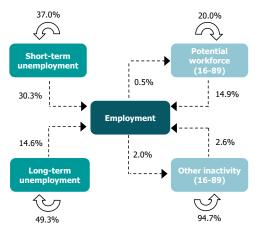
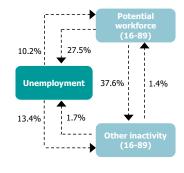


Figure 6. Quarterly flows between unemployment and type of inactivity (in % of initial status)



**Source:** Statistics Portugal, Labour Force Survey -  $4^{th}$  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 an increase of 0.6 percentage points (pp) compared to the previous quarter and a decrease of 7.4 pp compared to the same quarter of the previous year. The transition from long-term unemployment to employment decreased by 4.6 pp compared to the previous quarter, having increased by 2.5 pp compared to the same quarter of the previous year. The transition rates from short-term unemployment to employment are consistently higher than those for long-term unemployment.

%
50
40
37.7
30.3
29.7
19.2
14.6
10
4Q11 4Q12 4Q13 4Q14 4Q15 4Q16 4Q17 4Q18 4Q19 4Q20 4Q21 4Q22 4Q23

Transition rate from short-term unemployment to employment
Transition rate from long-term unemployment to employment

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

Source: Statistics Portugal, Labour Force Survey - 4th quarter of 2023.

In the case of flows into employment by type of inactivity (Figure 8), the results indicate an increase of 0.1 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 decreased by 1.4 pp.

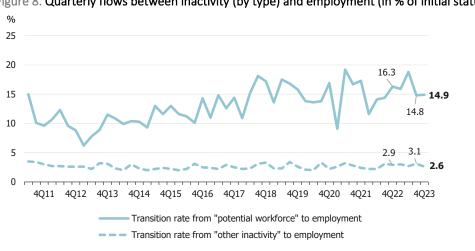


Figure 8. Quarterly flows between inactivity (by type) and employment (in % of initial status)

**Source:** Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.



From the 3<sup>rd</sup> quarter of 2023 to the 4<sup>th</sup> quarter of 2023, 11.3% (79.2 thousand) of those self-employed became employees. On the other hand, 1.4% (61.8 thousand) of those who were employees moved into self-employment. In the same period, 22.1% (72.0 thousand) of the unemployed became employees.

Lastly, of the total of employees in the  $3^{rd}$  quarter of 2023, 2.2% (93.8 thousand) moved into inactivity in the  $4^{th}$  quarter of 2023, while 4.0% (27.9 thousand) of those who were self-employed moved into inactivity.

94.3%

Employee

2.2%

2.2%

2.2%

Unemployment

1.4%

Inactivity
(16-89)

4.0%

0.7%

Selfemployment

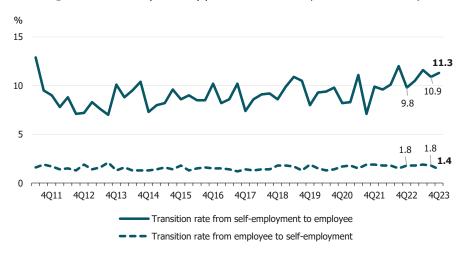
Figure 9. Quarterly flows between professional status, unemployment and inactivity (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 4th 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).

According to Figure 10, the percentage of self-employed workers who, in the 4<sup>th</sup> quarter of 2023, moved to employee increased by 0.4 pp compared to the previous quarter and by 1.5 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 - 4th quarter of 2023.

Of all employees that had a temporary job in the  $3^{rd}$  quarter of 2023, 20.6% (155.1 thousand) changed to a permanent job in the  $4^{th}$  quarter of 2023.

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



Source: Statistics Portugal, Labour Force Survey - 4th quarter of 2023.

## Notes:

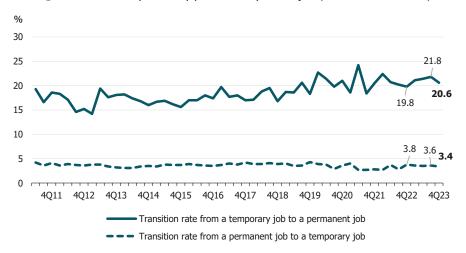
Permanent job - employees with a permanent job or work contract of unlimited duration.

Temporary job - employees with a temporary job or other contractual arrangement of limited duration.

Figure 12 shows that the percentage of employees who had a temporary job and changed to a permanent job in the  $4^{th}$  quarter of 2023 decreased by 1.2 pp in relation to the previous quarter and increased by 0.8 pp in relation to the same quarter of 2022.



Figure 12. Quarterly flows by permanency of the job (in % of initial status)



Source: Statistics Portugal, Labour Force Survey - 4th quarter of 2023.

From the  $3^{rd}$  quarter of 2023 to the  $4^{th}$  quarter of 2023, 20.7% (84.8 thousand) of all workers with a part-time job moved into a full-time job. At the same time, 17.2% (48.8 thousand) of all employees with a part-time job changed to a full-time job.

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

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

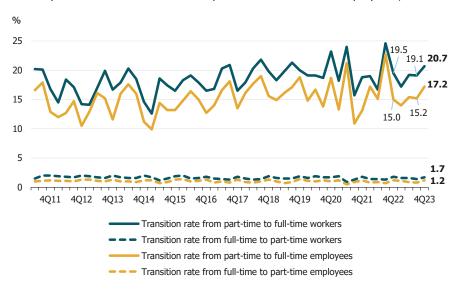


**Source:** Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.

Compared to the previous quarter, the flow from part-time to full-time workers increased by 1.6 pp, while in comparison to the same quarter of 2022 the increase was 1.2 pp. Considering the employees, the flow increased in relation to the two comparison periods: 2.0 pp and 2.2 pp, respectively.



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



**Source:** Statistics Portugal, Labour Force Survey – 4<sup>th</sup> quarter of 2023.

The percentage of persons who remained in employment between the  $3^{rd}$  quarter of 2023 and the  $4^{th}$  quarter of 2023, but changed jobs, was 3.7% (177.4 thousand), having increased by 0.4 pp compared to the previous quarter and by 0.2 pp in relation to the same quarter of 2022.

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

%
6
5
4
3.5 3.3 3.7
2
1
0
4Q11 4Q12 4Q13 4Q14 4Q15 4Q16 4Q17 4Q18 4Q19 4Q20 4Q21 4Q22 4Q23

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

**Source:** Statistics Portugal, Labour Force Survey - 4<sup>th</sup> quarter of 2023.

The results of the 3<sup>rd</sup> quarter of 2023, released by Eurostat on 15 December 2023<sup>1</sup>, concerning the quarterly labour market flows of the population aged between 15 and 74<sup>2</sup>, indicate that 25.3% of those who were unemployed in Portugal in the 2<sup>nd</sup> quarter of 2023 moved into employment, this figure being 2.1 pp higher than that of the European Union (23.2%). In the same period, 24.4% of the unemployed in Portugal changed to inactivity, while in the European Union this flow was fixed at 26.1%.

Figure 17. Labour market flows in the 3<sup>rd</sup> quarter of 2023 in the European Union (EU-27) and Portugal

(population aged 15 to 74; in % of initial status) 96.4 96.2 92.0 91.3 ■European Union (EU-27) ■ Portugal 50.6 50.3 26.1 25.3 24.4 23.2 3.5 3.8 2.5 2.2 E-U U-E 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, 2023Q2-2023Q3 (population aged 15-74; in % of initial status) [LFSI\_LONG\_Q].

# 2. Annual flows

Of those who were in employment in 2022, 93.8% (4,579.4 thousand) remained in that state in 2023, while 2.5% (120.8 thousand) moved into unemployment and 3.7% (181.2 thousand) changed into inactivity (Figures 18 and 19 and Table 1 in the annex).

At the same time, 36.0% (114.8 thousand) of unemployed persons remained unemployed, while 41.0% (130.7 thousand) moved to employment and 23.1% (73.6 thousand) to inactivity.

As a result, the net flow of employment (that is, total inflows minus total outflows) was positive and estimated at 97.1 thousand persons (as the annual change of the employed population in 2023). In the same way, the net flow of unemployment was positive and estimated at 27.5 thousand persons (as the annual change of the unemployed

<sup>&</sup>lt;sup>1</sup> The European Union Labour Market Flows for the 4<sup>th</sup> quarter of 2023 are expected to be released by Eurostat on 15 March 2024.

 $<sup>^2</sup>$  For Portugal, those aged 15 in the  $2^{nd}$  quarter of 2023 were included in the inactivity into inactivity flow (remain in inactivity).

population in 2023), as the number of persons who moved into unemployment (231.9 thousand) was higher than the number of those who left that state (204.3 thousand).

Figure 18. Annual labour market flows (thousand persons)

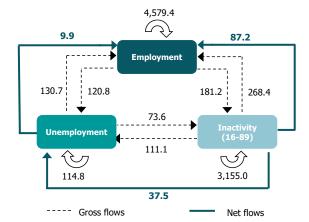
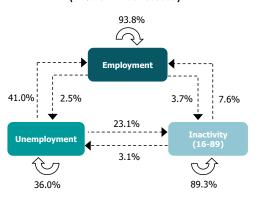


Figure 19. Annual labour market flows (in % of initial status)



Source: Statistics Portugal, Labour Force Survey - 2023.

Figures 20 and 21 show that 42.6% (62.7 thousand) of unemployed men and 39.6% (68.1 thousand) of unemployed women in 2022 moved into employment in 2023.

In the same period, 20.5% (30.1 thousand) of men and 25.2% (43.4 thousand) of women in unemployment moved into inactivity.

Figure 20. Unemployment annual flows – Males (in % of initial status)

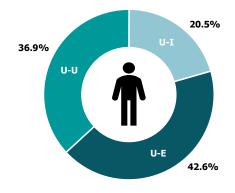
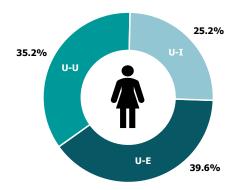


Figure 21. Unemployment annual flows – Females (in % of initial status)



Source: Statistics Portugal, Labour Force Survey - 2023.



Figure 22 shows the annual changes and net flows into unemployment since the beginning of the 2011 series, thus allowing the identification of the flows that most contribute to the increase or decrease in unemployment. In 2023, the net flow between inactivity and unemployment is the one that contributes to the increase in unemployment, as the difference between the number of persons who moved from inactivity to unemployment (111.1 thousand) and the number of those who moved from unemployment to inactivity (73.6 thousand) is positive and compensates the difference (negative) between the number of persons who moved from employment to unemployment (120.8 thousand) and those who moved from unemployment to employment (130.7 thousand).

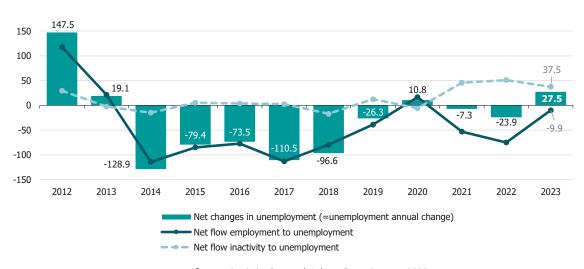


Figure 22. Annual net flows into unemployment (thousand persons)

**Source**: Statistics Portugal, Labour Force Survey - 2023.

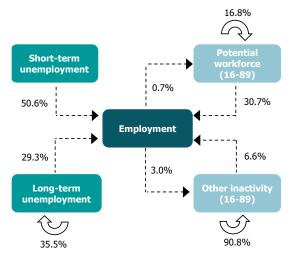
Figure 23 shows that 50.6% of the short-term unemployed and 30.7% of those belonging to the "potential workforce" moved into employment in 2023. In the same period, 29.3% of the long-term unemployed and 6.6% of other inactive also moved into employment.

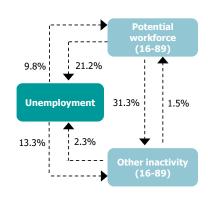
According to Figure 24, 21.2% of all those in the "potential workforce" in 2022 moved into unemployment in 2023.

In addition, 31.3% of those who were in the "potential workforce" in 2022 moved to the other inactivity in 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 23. Annual flows between employment, unemployment (by duration) and type of inactivity (in % of initial status)

Figure 24. Annual flows between unemployment and type of inactivity (in % of initial status)





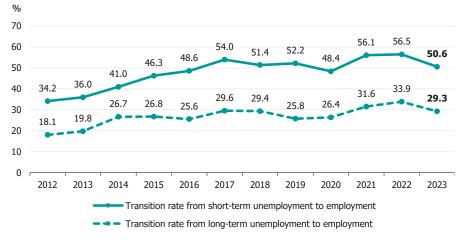
Source: Statistics Portugal, Labour Force Survey - 2023.

#### 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 25 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 5.9 pp compared to the previous year. In the same way, the transition from long-term unemployment to unemployment decreased by 4.6 pp compared to the same period.

Figure 25. Annual flows between unemployment (by duration) and employment (in % of initial status)



Source: Statistics Portugal, Labour Force Survey - 2023.

In the case of flows to employment by type of inactivity (Figure 26), there was an increase of 0.1 pp in the transition from the "potential workforce" to employment from 2022 to 2023.

% 50 40 30.9 30.6 30.7 30 25.6 22.5 21.3 18.2 20 15.2 15.0 6.6 10 5.2 3.9 4.2 5.0 4.0 4.0 2012 2023 2015 Transition rate from "potential workforce" to employment - Transition rate from "other inactivity" to employment

Figure 26. Annual flows between inactivity (by type) and employment (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 2023.

From 2022 to 2023, 14.2% (99.9 thousand) of self-employed became employees while 2.2% (90.9 thousand) of those who were employees moved to self-employment. In the same period, 37.0% (117.9 thousand) of unemployed persons became employees.

Of the total of employees in 2022, 3.3% (135.1 thousand) moved into inactivity in 2023, while 5.3% (37.3 thousand) of the self-employed moved into inactivity.

91.8%

Employee

37.0% 2.8%

3.3% 6.4%

Unemployment

2.2% 14.2% Inactivity (16-89)

5.3% 1.0%

Self-employment

Figure 27. Annual flows between professional status, unemployment and inactivity (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 2023.

The percentage of self-employed workers moving to employee status between 2022 and 2023 increased by 3.4 pp (Figure 28).

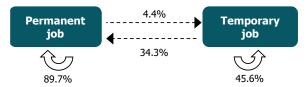
% 14.2 15 12.8 12.5 11.8 11.2 10.3 10.0 10 5 2.6 2.0 1.8 1.8 1 8 0 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Transition rate from self-employment to employee - - Transition rate from employee to self-employment

Figure 28. Annual flows by professional status (in % of initial status)

**Source:** Statistics Portugal, Labour Force Survey - 2023.

Of the total employees that had a temporary job in 2022, 34.3% (235.0 thousand) moved to a permanent job in 2023.

Figure 29. Annual flows by permanency of the job (in % of initial status)

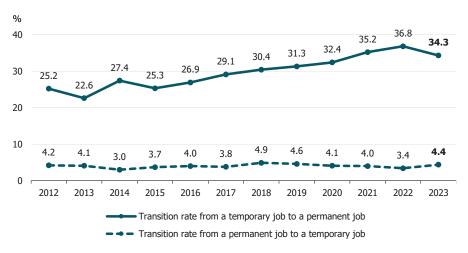


**Source:** Statistics Portugal, Labour Force Survey - 2023.

## 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. The percentage of employees who had a temporary job and moved to a permanent job in 2022 decreased by 2.5 pp compared to the previous year (Figure 30).

Figure 30. Annual flows by permanency of the job (in % of initial status)



**Source:** Statistics Portugal, Labour Force Survey – 2023.

From 2022 to 2023, 26.3% (100.0 thousand) of workers with a part-time job moved to a full-time job. At the same time, 21.4% (53.5 thousand) of employees with a part-time job changed to a full-time job.

Figure 31. Annual flows between full-time and part--time workers (in % of initial status)



Figure 32. Annual flows between full-time and parttime employees (in % of initial status)



Source: Statistics Portugal, Labour Force Survey - 2023.

Compared to the previous year, the flow from part-time to full-time workers decreased by 1.2 pp, while for the employees this flow decreased by 3.4 pp.

35 29.3 27.4 27.4 27.5 30 27.2 26.4 26.3 26.0 25 19.4 23.5 23.3 24.0 20 22.1 21.4 20.6 19.1 15 14.1 10 1.8 \1.1 5 2.4 0 2012 2013 2014 2015 2016 2017 2018 2019 2020 2022 2023 Transition rate from part-time to full-time workers Transition rate from full-time to part-time workers Transition rate from part-time to full-time employees Transition rate from full-time to part-time employees

Figure 33. Annual flows between full-time and part-time workers and employees (in % of initial status)

Source: Statistics Portugal, Labour Force Survey - 2023.

The percentage of persons who remained in employment between 2022 and 2023, but changed job<sup>3</sup>, was 9.2% (423.0 thousand), having increased by 1.1 pp compared to 2022.

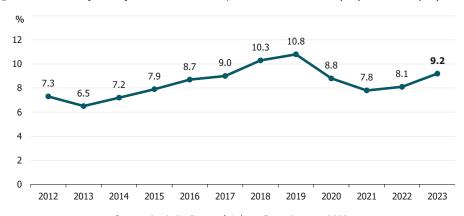


Figure 34. Annual job-to-job transition rate (in % of transition employment - employment)

**Source:** Statistics Portugal, Labour Force Survey - 2023.

<sup>&</sup>lt;sup>3</sup> This indicator includes persons who, not having moved directly from one job to another, may have been, within a year, 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 annual job-to-job transition rate allows defining the relationship between the employed population moving from one job to another within a year and the annual flow from employment to employment.

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

Portugal	Quarterly value			Annual value		Rate of change		
	4Q-2022	3Q-2023	4Q-2023	2022	2023	On year	On quarter	Annual
Flows	Thousands					%		
Transition employment - employment	4,693.0	4,810.2	4,795.2	4,502.1	4,579.4	2.2	-0.3	1.7
Transition employment - unemployment	81.0	67.1	90.9	84.9	120.8	12.1	35.4	42.3
Transition employment - inactivity	132.2	111.4	129.4	187.6	181.2	-2.1	16.1	-3.4
Transition unemployment - employment	84.0	82.2	80.0	159.9	130.7	-4.8	-2.8	-18.2
Transition unemployment - unemployment	163.2	163.2	169.4	120.6	114.8	3.8	3.8	-4.8
Transition unemployment - inactivity	65.2	79.2	76.8	62.5	73.6	17.8	-3.1	17.8
Transition inactivity - employment	123.7	123.1	105.3	219.4	268.4	-14.8	-14.4	22.3
Transition inactivity - unemployment	99.9	95.8	94.3	113.6	111.1	-5.6	-1.5	-2.2
Transition inactivity - inactivity	3,256.7	3,205.6	3,207.6	3,243.3	3,155.0	-1.5	0.1	-2.7
Flows	In % of initial status					pp		
Permanência no emprego	95.7	96.4	95.6	94.3	93.8	-0.1	-0.8	-0.5
Do emprego para o desemprego	1.7	1.3	1.8	1.8	2.5	0.1	0.5	0.7
Do emprego para a inatividade	2.7	2.2	2.6	3.9	3.7	-0.1	0.4	-0.2
Do desemprego para o emprego	26.9	25.3	24.5	46.6	41.0	-2.4	-0.8	-5.6
Permanência no desemprego	52.3	50.3	51.9	35.2	36.0	-0.4	1.6	0.8
Do desemprego para a inatividade	20.9	24.4	23.5	18.2	23.1	2.6	-0.9	4.9
Da inatividade para o emprego	3.6	3.6	3.1	6.1	7.6	-0.5	-0.5	1.5
Da inatividade para o desemprego	2.9	2.8	2.8	3.2	3.1	-0.1	-	-0.1
Permanência na inatividade	93.6	93.6	94.1	90.7	89.3	0.5	0.5	-1.4

**Source:** Statistics Portugal, Labour Force Survey - 4<sup>th</sup> 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 the 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 3<sup>rd</sup> quarter of 2022, to suspend the face-to-face collection mode, replacing it exclusively by telephone interviews.

After analysing the impact of adopting an exclusively telephone data collection mode, in November 2023 Statistics Portugal revised the estimates for the 3<sup>rd</sup> quarter of 2020 to the 3<sup>rd</sup> quarter of 2023 by incorporating the variable "highest level of education completed" in the calibration weighting process, in addition to the information usually used (monthly estimates



of the resident population by sex, age group and region). The estimation of the results for the 4th quarter of 2023 was carried out in a similar way.<sup>4</sup>

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.

Estimates of **annual flows** between labour market states are derived from the average of the four flows that result from the comparison of each quarter of the reference year with the corresponding quarter of the previous year. The respective subsamples are made up of persons aged between 16 and 89 who responded in the first and fifth wave plus those who responded in the second and sixth wave, which represent, in total, about 1/3 of the quarterly sample size. As in the quarterly flows, persons aged 15 years old in the previous year are included in the subsample and classified as inactive. Those who turned 90 years old in the reference year are excluded from the subsample.

The weighting factors of persons in the subsample of quarterly flows and in the four subsamples of annual flows are calculated, in a first step, from the cross-sectional weights of the reference quarter and the cross-sectional weights of the four quarters of the reference year, respectively. These weights are adjusted according to the estimates of the resident population by NUTS III region in the reference quarter or in the four quarters of the reference year 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, as well as the consistency of the estimates of annual flows with the estimates of the annual averages, according to:

- i) estimates of the employed, unemployed and inactive population by sex and ten-year age groups in the reference guarter or in the four quarters of the reference year;
- ii) estimates of the employed, unemployed and inactive population by sex in the previous quarter or in the four quarters of the previous year;
- iii) estimates of the resident population by NUTS II region, sex and ten-year age groups in the reference quarter or in the four quarters of the reference year;

<sup>&</sup>lt;sup>4</sup> For more information on the context, methodology and impacts of this revision, users should consult the "Methodological note on the revision of the Labour Force Survey data: the context of the COVID-19 pandemic", published together with Press Release "Employment Statistics – 3<sup>rd</sup> quarter 2023", on 8 November 2023 on the Statistics Portugal's website.



- iv) estimates of the employed population by professional status in the reference quarter and in the previous quarter, as well as in the four quarters of the reference year and the previous year;
- v) estimates of employees by type of work contract in the reference quarter and in the previous quarter, as well as in the four quarters of the reference year and the previous year;
- 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, as well as in the four quarters of the reference year and the previous year;
- vii) estimates of the unemployed population by duration of unemployment in the reference quarter and in the previous quarter, as well as in the four quarters of the reference year and the previous year;
- viii) estimates of the inactive population by type of inactivity in the reference quarter and in the previous quarter, as well as in the four quarters of the reference year and the previous year.

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

For reasons of consistency, quarterly or annual 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 or the four quarters of the previous year, respectively. 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 <u>methodological document</u> (only in Portuguese) available at the Statistics Portugal website..

The complete series of quarterly and annual flows since 2011 are updated quarterly and annually on the Statistics Portugal website, respectively. In addition, the flow estimates for the last five periods are available in the Excel files attached to the Press Release.

## 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.

# On year change

The year-on-year change compares the level of the variable in the reference quarter with that in the same quarter of the previous year. This change, given a stable seasonality pattern, is not affected by fluctuations of this nature. It may, however, be influenced by one-off effects in a specific quarter.

## On quarter change

The quarterly change compares the level of the variable over two consecutive quarters. Although this indicator allows to monitor the recent pace of the variable, its computation is particularly influenced by seasonal effects and other specific effects in one of the quarters or both.

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