The labour market: data and analysis

July 2023

This publication has been prepared jointly by the Ministry of Labour and Social Policies (MLPS), the Bank of Italy and the National Agency for Active Labour Market Policies (ANPAL), based on two complete and up-to-date sources: the Comunicazioni obbligatorie (Mandatory reporting) and the Dichiarazioni di immediata disponibilità al lavoro (Declarations of immediate availability to work). The first dataset is updated to 30 June 2023, the second to 30 April 2023. The data are provisional and subject to revision.

PAYROLL EMPLOYMENT

▶ *Employment growth slows down*

Labour demand in the non-farm private sector continued to grow in May and June, although at a slightly slower pace than in the first four months of 2023 (Figure 1): on a seasonally adjusted basis, just under 75,000 jobs were created in these two months, compared with 100,000 in each of the previous two-month periods (Table 1). Despite this slowdown, net hires were 15 per cent higher in the first half of 2023 than in the year-earlier period, and 55 per cent higher than in the second half of 2022.

Net hires (1)
(thousands of jobs)

Figure 1
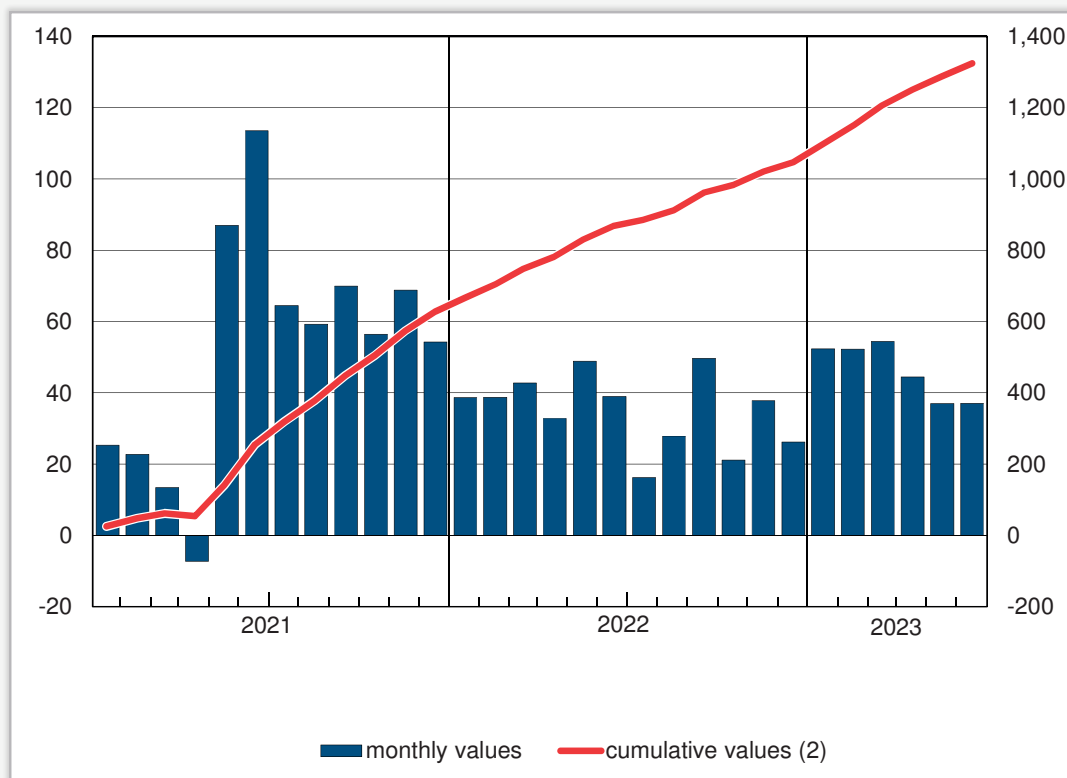
Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure. – (2) Cumulative net hires since January 2021; right-hand scale.

### ▶ *Employment in tourism weakens after four months of strong growth*

After the marked increase in the first four months of the year, driven by growth in tourist arrivals,[1] labour demand in tourism slowed in May and June, with 20,000 net hires compared with 38,000 in March and April, and 30,000 in January and February (Figure 2 and Table 2; see the box 'Seasonality in the tourism sector', in 'The labour market: data and analysis', November 2022).

In May and June, growth in payroll employment weakened in retail and wholesale trade too, albeit to a lesser extent, while it remained broadly stable in other services and in industry excluding construction. In the latter, the recovery continued in the most energy-intensive manufacturing sectors,[2] which continued to benefit from the fall in energy prices (Figure 3). In construction, employment rose more than in the early months of 2023.

Net hires by macro-sector (1)

(thousands of jobs)

Figure 2
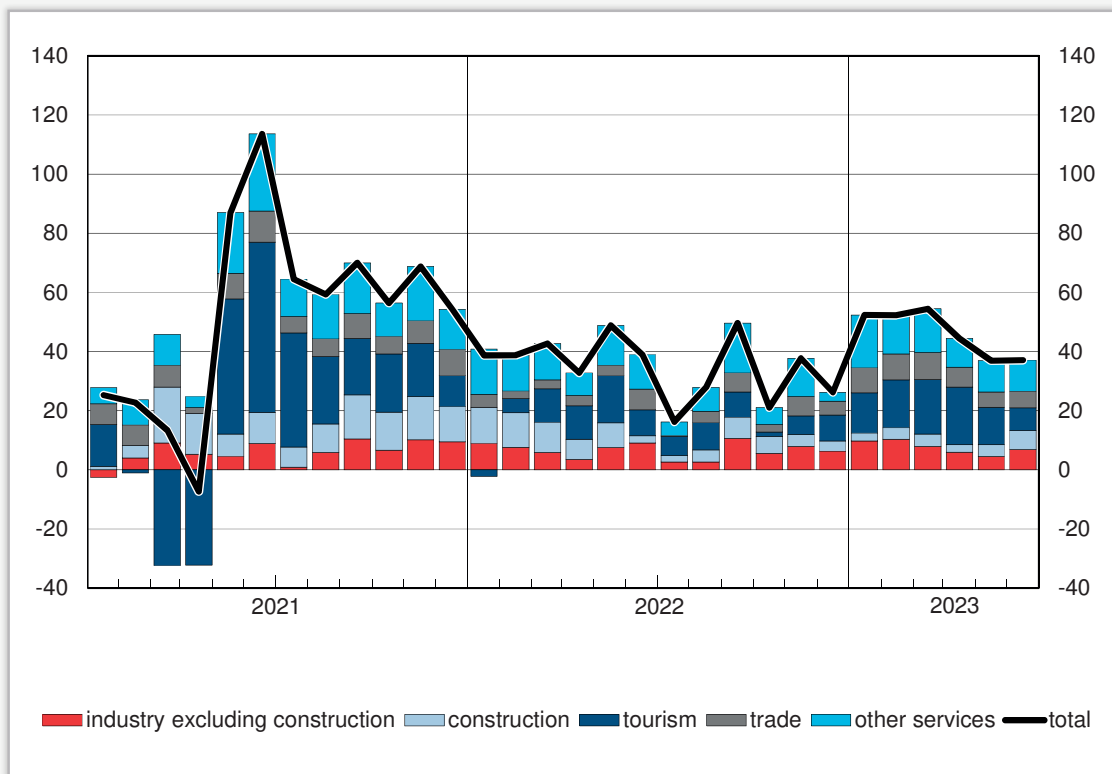
Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

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[1]   According to Istat's preliminary data, the number of nights spent by tourists in Italian hotels and other accommodations in the first four months of 2023 was 27 per cent higher year-on-year.

[2]   The energy intensity indicator is defined based on the ratio of energy consumption to value added: both magnitudes are measured by Istat, in the Physical Energy Flows Accounts and National Accounts respectively. The ten most energy-intensive sectors are: food, beverages and tobacco products (Ateco codes 10-12); wood and wood products (Ateco code 16); manufacture of paper and paper products (Ateco code 17); manufacture of coke and refined petroleum products (Ateco code 19); chemicals (Ateco code 20); manufacture of rubber and plastic products (Ateco code 22); manufacturing of other non-metallic mineral products (Ateco code 23); and basic metals (Ateco code 24). These sectors employ around one third of the labour force in manufacturing.

Job positions in manufacturing (1)

(index: January 2021=100)

Figure 3

energy-intensive sectors ——— other sectors
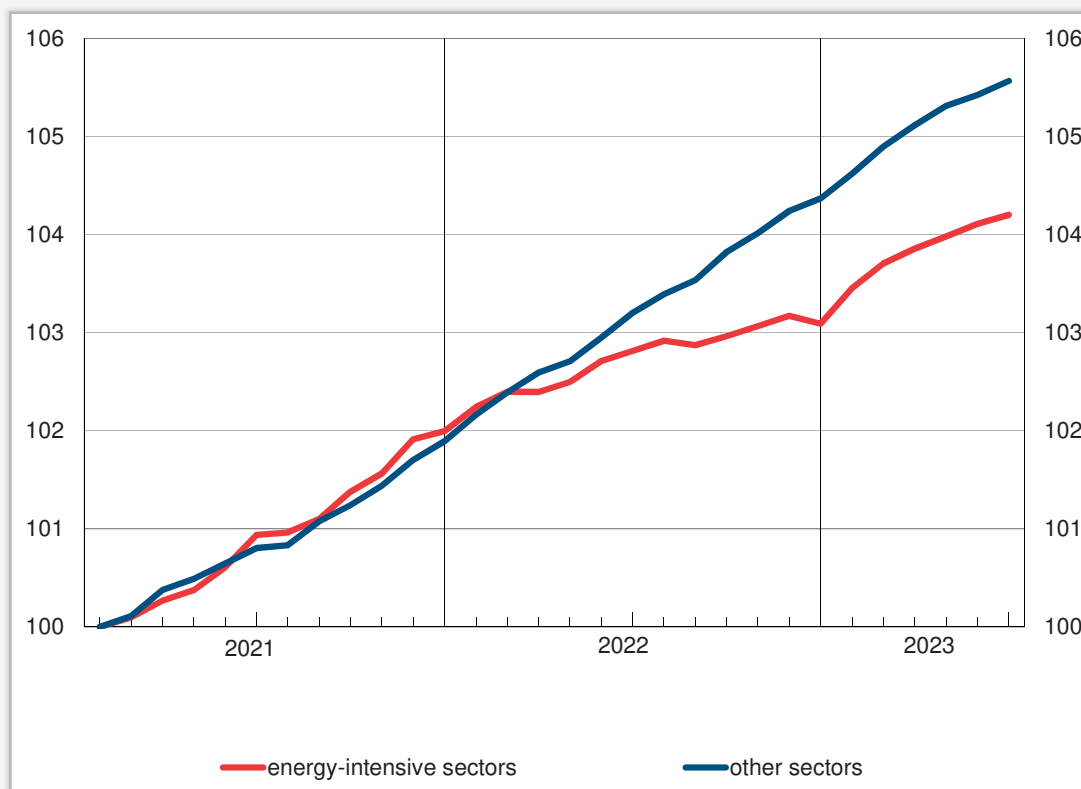
Source: Based on MLPS mandatory reporting data and INPS (Observatory on employees in the non-agricultural private sector); see the Methodological Note.
(1) Job positions in each month compared with January 2021. The index is calculated as the ratio of net hires compared with January 2021 (mandatory reporting; seasonally adjusted data) to the estimated number of regular employees as of January 2021 (Observatory on non-farm private-sector employees).

▶ *The slowdown is more pronounced for fixed-term contracts*

In May and June, growth in payroll employment weakened for permanent positions (65,000 net hires, compared with 73,000 in March and April; Figure 4) and even more so for fixed-term positions (15,000 new positions, half as many as in the previous two months). The slower growth in fixed-term contracts was mainly affected by the performance of the tourism sector, where these contracts are particularly common. The number of apprenticeships declined. As a result, the share of permanent contracts in total net hires rose, to 88 per cent, from 74 per cent in the previous two months.

In the first half of 2023, the increase in payroll employment was buoyed by the creation of permanent jobs, continuing a trend under way since the beginning of 2022. Both industry excluding construction and tourism contributed increasingly to this positive trend (Figure 5). However, while in industry excluding construction all new contracts were permanent, in the tourism sector the share of permanent jobs in total net hires remained lower (55 per cent between January and June). Fixed-term positions have picked up again since early 2023, after declining in the second half of 2022.

Net hires by type of contract (1)
(thousands of jobs)

Figure 4
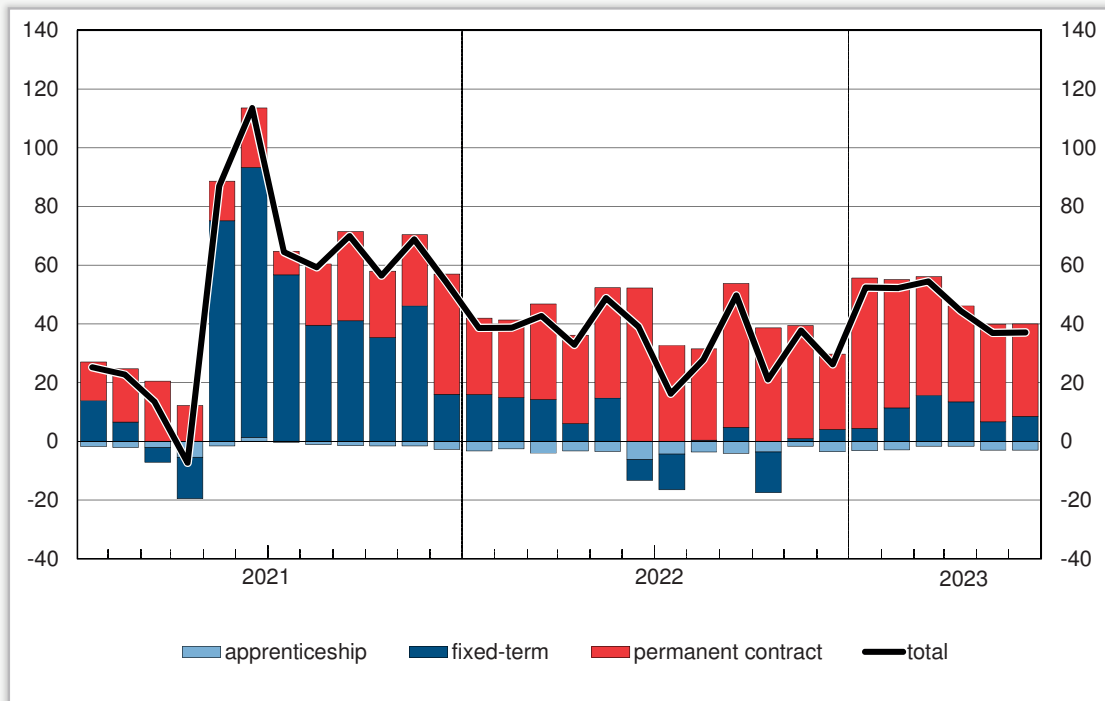
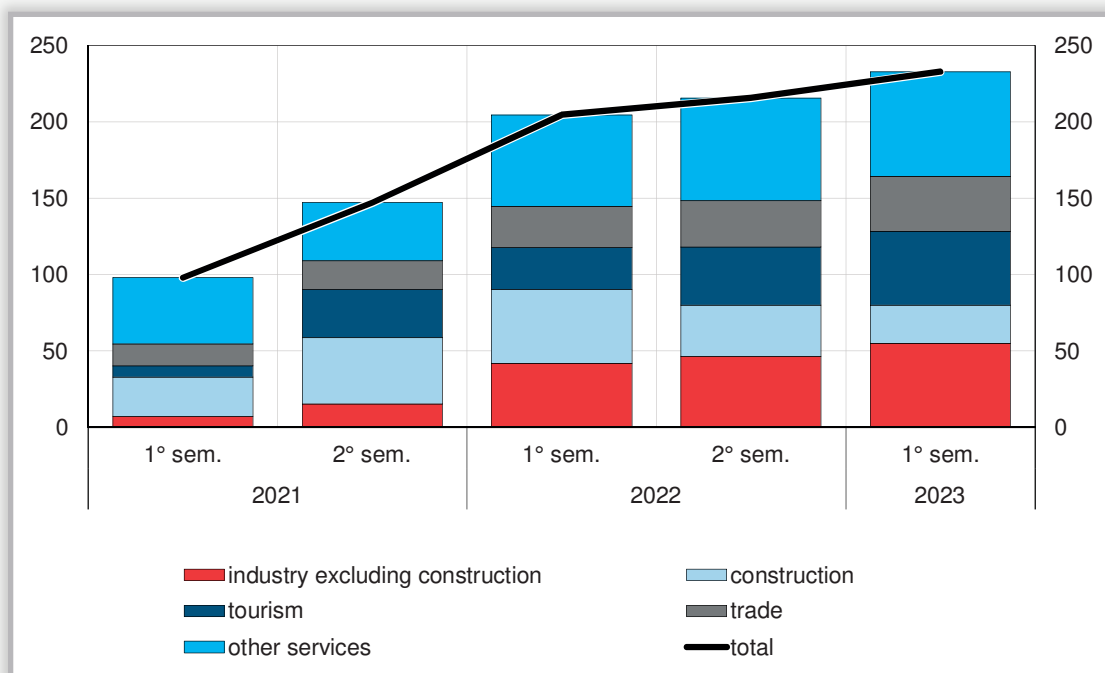Legend: apprenticeship · fixed-term · permanent contract · total

Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

Net hires with permanent contracts by macro-sector (1)
(thousands of jobs)

Figure 5

Legend: industry excluding construction · construction · tourism · trade · other services · total

Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

### ▶ *Employment grew less for women and in the South and Islands*

In May and June, employment grew relatively less for women (Figure 6), who were more affected by the weakening in labour demand in trade, and in the South and Islands (Figures 7), where the slowdown in the tourism sector had a stronger impact.

In May, some areas in Emilia-Romagna, Marche and Tuscany were hit by floods that caused significant damage to the crops and a consequent slowdown in job creation in the farm sector (see the box 'Payroll employment in the flood-stricken areas of central and northern Italy'). Conversely, there were no signs of a weakening in the overall non-farm private sector.

Net hires by gender (1)
(thousands of jobs)

Figure 6
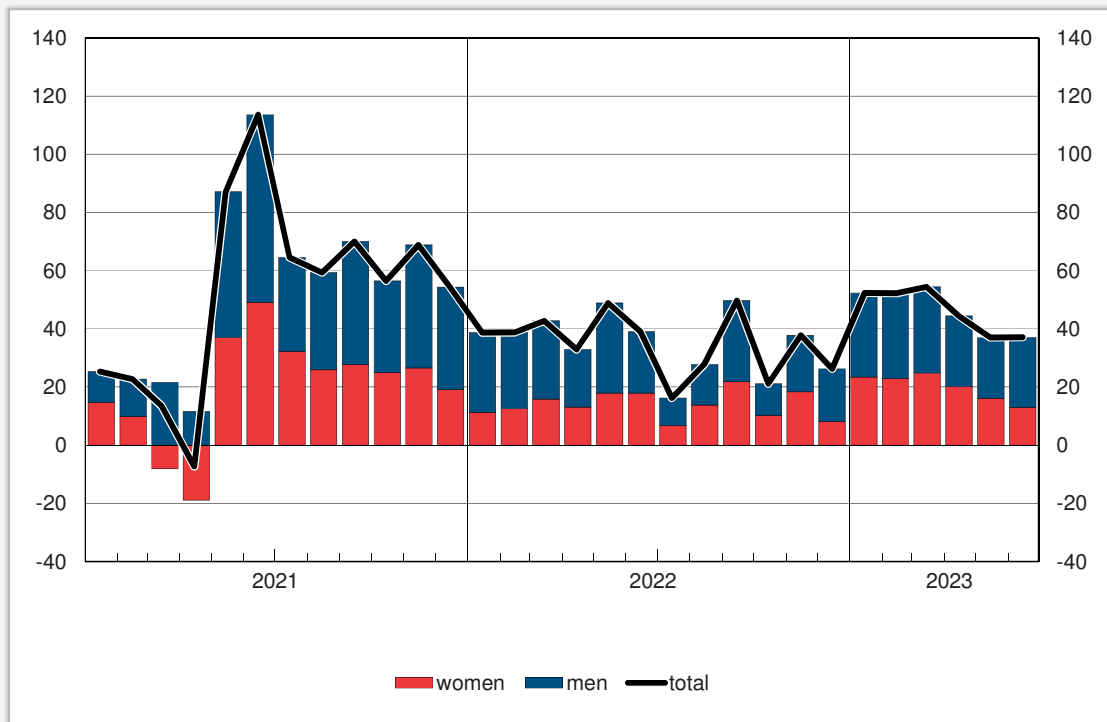
Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO–SEATS procedure
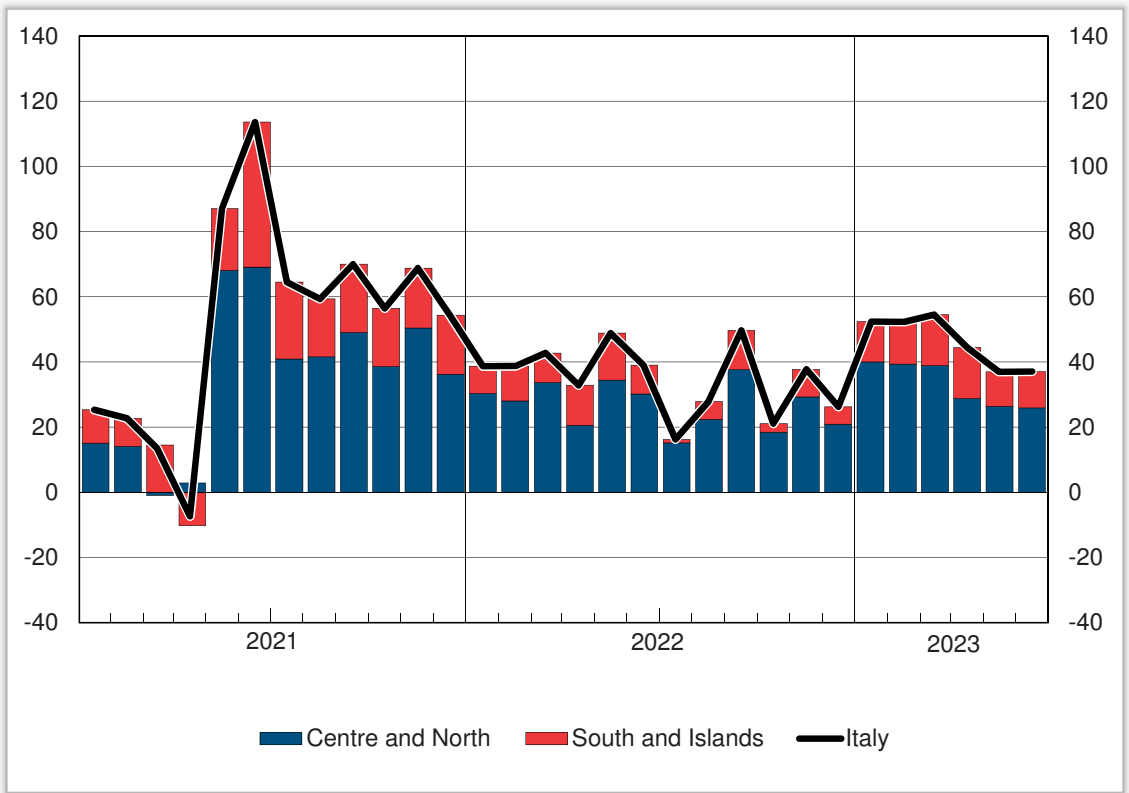
Net hires by area (1)
(thousands of jobs)

Figure 7

Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure.

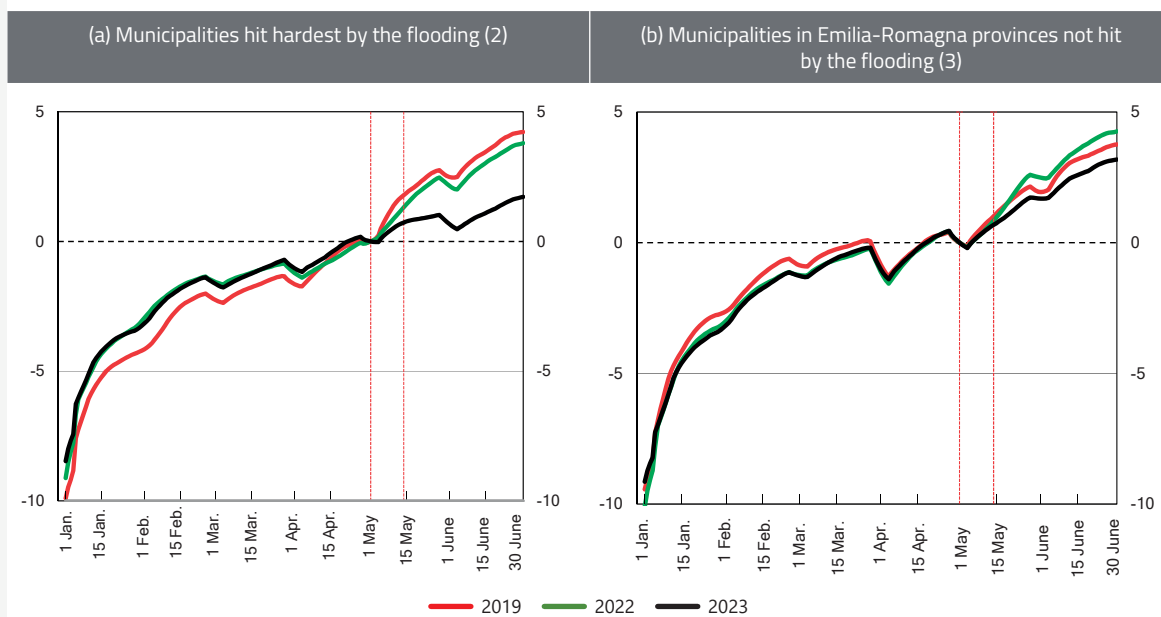# PAYROLL EMPLOYMENT IN THE FLOOD-STRICKEN AREAS OF CENTRAL AND NORTHERN ITALY

Between 1 and 20 May 2023, exceptionally heavy rains lashed the North-East and the Centre of Italy, causing floods and landslides. The majority of the 91 municipalities hit by the flooding[1] are in Emilia-Romagna, mostly in the provinces of Ravenna, Forlì-Cesena, Bologna and Rimini. Seven municipalities in the Marche region, in the province of Pesaro-Urbino, and four in Tuscany, in the Apennine mountains around Florence, were also affected.

The farm sector is usually one of the most directly exposed to the consequences of adverse weather events, since climate conditions have an impact on crop yields.[2] The agricultural land in the affected areas accounts for a significant share of all agricultural land locally (around one third of the total for Emilia-Romagna), and for a non-negligible share nationwide (more than 3 per cent). In order to analyse the impact of the flooding on job creation in the farm sector, net hires in the hardest hit municipalities (panel (a) of Figure A) are compared with those in the municipalities of provinces of Emilia-Romagna that were unaffected (panel (b) of Figure A).[3]

Cumulative net hires in the farm sector: situation compared with 1 May (1)　　**Figure A**

(raw data; 7-day moving average; thousands of net hires)

(a) Municipalities hit hardest by the flooding (2)	(b) Municipalities in Emilia-Romagna provinces not hit by the flooding (3)

2019　　2022　　2023

Source: Based on MLPS mandatory reporting data; see the Methodological Note. The data for the farm sector are analysed on a one-off basis; they are not usually included in the data on which these notes are based.

(1) Raw data. Centred moving average. The farm sector includes agriculture, forestry and fishing (sectors from 1 to 3 in the Ateco 2-digit classification). The vertical lines indicate the day before the two most serious events (1 and 14 May). – (2) The hardest hit municipalities are defined as the 73 municipalities for which the provisions of Decree Law 61/2023 apply to the entire administrative territory. – (3) Include the municipalities in the provinces of Piacenza, Parma, Reggio-Emilia, Modena, and Ferrara (with the exception of Argenta, which is among the affected municipalities).

1　These are the municipalities that were subject to the provisions of Decree Law 61/2023. For a more extensive analysis of the economic structure of the flood-stricken areas in Emilia-Romagna, see The Economy of Emilia-Romagna, Annual Report, Banca d'Italia, Economie regionali, 8, 2023 (only in Italian).

2　M. Alpino, L. Citino, G. De Blasio, and F. Zeni, 'The effects of climate change on the Italian economy. A Bank of Italy research project', Banca d'Italia, Questioni di economia e finanza (Occasional Papers), 728, 2022.

3　The data for the farm sector are analysed on a one-off basis; they are not usually included in the data on which these notes are based (see the Methodological Note). The hardest hit municipalities are those for which the provisions of Decree Law 61/2023 apply to the entire administrative territory. Panel (b) of Figure A only considers the municipalities in the Emilia-Romagna region, where the vast majority of the affected areas are concentrated.

In the municipalities that were most affected by the flooding, net hires in the farm sector have slowed markedly since May: in the last two months overall, the cumulative balance, not seasonally adjusted, totalled 1,500, down from 4,000 and 3,700 in the same months of 2019 and 2022 respectively.[4] This was due to a drop in hiring, while terminations remained at levels close to those recorded in the previous years. By contrast, in the municipalities of Emilia-Romagna provinces that were not affected, the balance was only slightly lower than those of 2019 and 2022. The difference between the number of new contracts in the flooded municipalities and in those that were unaffected widened gradually in May and stabilized in June.

Conversely, net hires in the non-farm private sector as a whole are showing no signs of weakening: despite the extensive damage suffered by the hardest hit firms,[5] the cumulative balance remained at levels close to those registered in 2019 and 2022 in May and June (panel (a) of Figure B). The flooding does not seem to have had any short-term negative repercussions on labour demand, either in the food industry – downstream of farm production in the agri-food supply chain – or in the tourism sector. The latter showed no signs of slowing down and, as in previous years, it was the main contributor to the growth in payroll employment in the non-farm private sector in this region (panel (b) of Figure B).

Cumulative net hires in the hardest hit municipalities: situation compared with 1 May (1)

Figura B

(raw data; 7-day moving average; thousands of net hires)

| (a) Non-farm private sector | (b) Tourism sector |
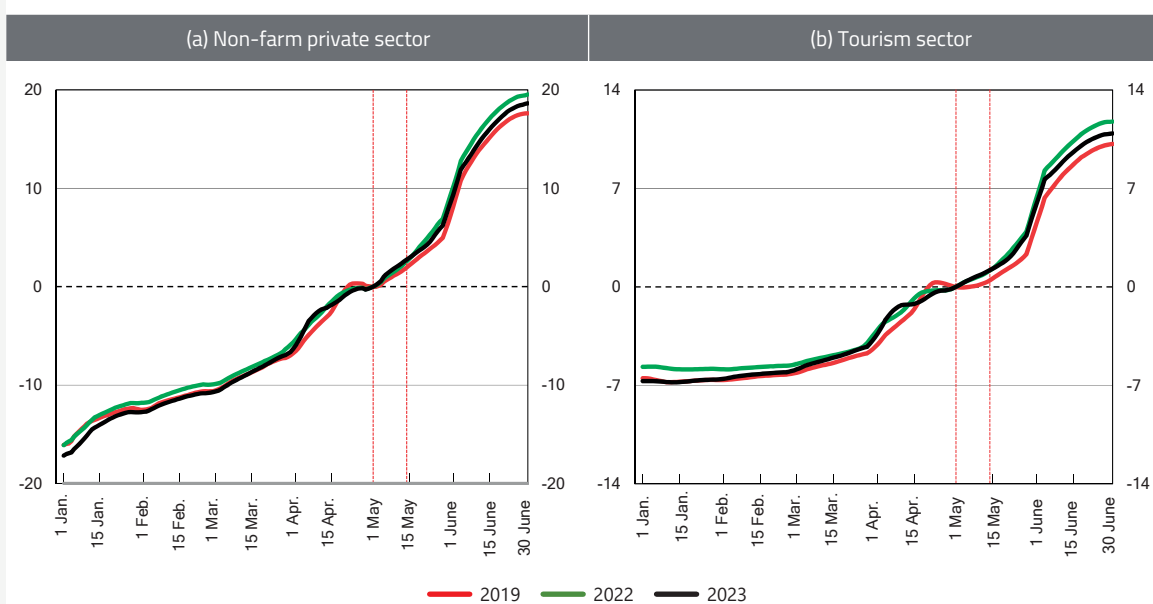
Source: Based on MLPS mandatory reporting data; see the Methodological Note.

(1) Raw data. Centred moving average. The vertical lines indicate the day before the two most serious events (1 and 14 May). The hardest hit municipalities are defined as the 73 municipalities for which the provisions of Decree Law 61/2023 apply to the entire administrative territory.

4   The comparison excludes the years 2020 and 2021, a period considered exceptional, during which payroll employment was affected by the pandemic.
5   The preliminary estimates by the regional administration (only in Italian) for Emilia-Romagna suggest potential damage to firms amounting to approximately €1.2 billion.
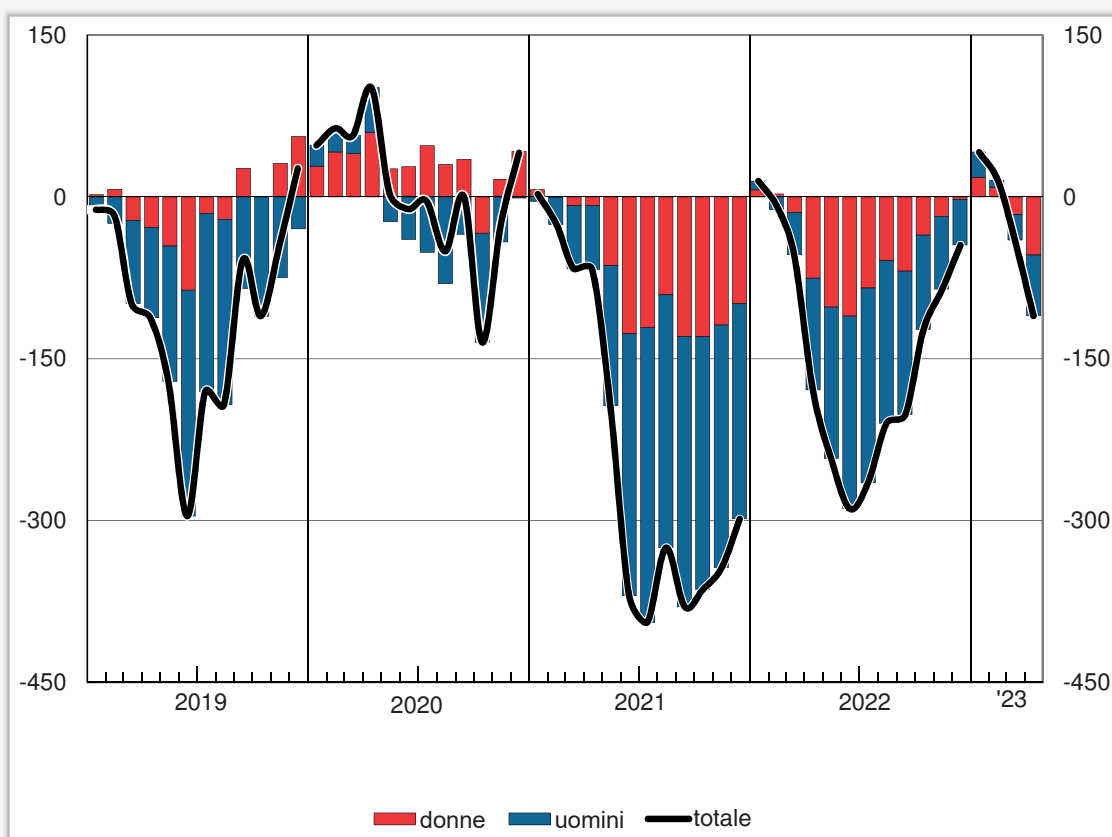
ADMINISTRATIVE UNEMPLOYMENT

In March and April 2023, administrative unemployment,[3] measured by the number of declarations of immediate availability to work (Dichiarazione di immediata disponibilità al lavoro, DID), declined, following a seasonal pattern (Figure 8). However, the drop in unemployment – of around 110,000 people – was smaller than in the same period of 2022, reflecting this year's greater increase in the participation rate.[4] The decrease in administrative unemployment affected both men and women to a similar extent.

Administrative unemployment (1)

(cumulative balance since 1th January of each year; thousands of people)

Source: Based on ANPAL's DID data; see the Methodological Note.
(1) The balance between entries into and exits from administrative unemployment status represents the variation in the number of people declaring themselves to be available to work.

APPENDIX*

Table 1

New contracts, transitions, and terminations by type of contract(1)
(seasonally adjusted data; thousands)

Fixed-term contracts

PERIODI	Gross new contracts (A)	Transitions from fixed-term to permanent contracts (B)	Terminations (C)	Net new contracts (A–B–C)
2019	4,978	577	4,501	-99
2020	3,604	433	3,415	-244
2021	4,630	445	3,783	403
2022	5,298	633	4,621	43
2023 – Jan.-Feb.	906	108	782	16
2023 – Mar.-Apr.	927	112	787	29
2023 – May	**454**	**55**	**392**	**7**
2023 – June	448	43	397	9

Apprenticeships

	Gross new contracts (D)	Transitions from apprenticeships to permanent contracts (E)	Terminations (F)	Net new contracts (D–E–F)
2019	398	110	233	55
2020	273	116	176	-19
2021	361	145	237	-20
2022	406	170	280	-44
2023 – Jan.-Feb.	67	29	45	-6
2023 – Mar.-Apr.	68	23	48	-3
2023 – May	32	12	23	-3
2023 – June	33	14	22	-3

Permanent contracts

	Gross new contracts (G)	Transitions to permanent contracts (B+E)	Terminations (H)	Net new contracts (G+B+E-H)
2019	1,275	686	1,605	356
2020	932	549	1,232	249
2021	1,112	589	1,456	245
2022	1,317	803	1,699	420
2023 – Jan.-Feb.	213	137	255	95
2023 – Mar.-Apr.	207	134	268	73
2023 – May	100	66	133	33
2023 – June	103	57	129	31

Total

	Gross new contracts (I)		Terminations (L)	Net new contracts (I-L)
2019	6,651		6,338	312
2020	4,809		4,823	-14
2021	6,103		5,475	628
2022	7,020		6,600	420
2023 – Jan.-Feb.	1,186		1,082	105
2023 – Mar.-Apr.	1,202		1,103	99
2023 – May	586		549	37
2023 – June	585		548	37

Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure. Minor discrepancies between aggregates are due to rounding. Minor discrepancies between raw data and seasonally adjusted data are due to the TRAMO-SEATS procedure.

* For additional raw data, see the Statistical Appendix (only in Italian).

Table 2

Net hires by sector of economic activity, gender and geographical area (1)
(seasonally adjusted data; thousands)

PERIOD	Industry without construction	Construction	Retail and wholesale trade	Tourism services	Other services	Total
Total						
2019	49	35	48	85	95	**312**
2020	6	74	12	-135	29	**-14**
2021	73	127	85	181	163	**628**
2022	79	78	48	91	124	**420**
2023 – Jan.-Feb.	20	7	17	30	31	**105**
2023 – Mar.-Apr.	14	7	16	38	25	**99**
2023 – May	5	4	5	13	11	**37**
2023 – June	7	6	6	8	11	**37**
Women						
2019	14	4	20	41	40	**119**
2020	-2	6	-9	-64	-6	**-75**
2021	22	10	51	85	72	**240**
2022	27	10	28	46	56	**168**
2023 – Jan.-Feb.	7	1	8	15	15	**46**
2023 – Mar.-Apr.	6	1	9	16	12	**45**
2023 – May	2	1	3	6	5	**16**
2023 – June	2	1	2	4	4	**13**
Men						
2019	35	31	28	44	55	**193**
2020	8	68	21	-71	35	**61**
2021	51	117	33	95	91	**388**
2022	51	68	21	45	67	**252**
2023 – Jan.-Feb.	14	5	9	15	16	**58**
2023 – Mar.-Apr.	8	5	7	21	12	**54**
2023 – May	2	3	3	7	6	**21**
2023 – June	5	6	3	4	6	**24**
Centre North						
2019	37	25	32	65	74	**233**
2020	-8	41	-7	-111	15	**-71**
2021	56	69	56	125	118	**425**
2022	68	53	35	68	97	**321**
2023 – Jan.-Feb.	15	6	11	23	24	**79**
2023 – Mar.-Apr.	9	6	11	24	18	**68**
2023 – May	3	4	4	9	7	**26**
2023 – June	5	4	3	6	8	**26**
South and Islands						
2019	13	9	17	20	20	**79**
2020	14	34	19	-25	14	**56**
2021	17	58	28	55	44	**203**
2022	10	26	13	23	26	**99**
2023 – Jan.-Feb.	5	0	6	7	6	**25**
2023 – Mar.-Apr.	5	1	5	14	6	**31**
2023 – May	1	0	2	4	3	**11**
2023 – June	2	2	2	2	3	**11**

Source: Based on MLPS mandatory reporting data; see the Methodological Note.
(1) Seasonally adjusted data using the TRAMO-SEATS procedure. Minor discrepancies between aggregates are due to rounding. Minor discrepancies between raw data and seasonally adjusted data are due to the TRAMO-SEATS procedure.

Table 3

Declarations of immediate availability to work (1)
(raw data)

PERIOD	Entries into unemployment status			Exits from unemployment status			Balance
	Total	Entries	Re-entries	Total	Suspensions	Withdrawals	
Total							
2022	3,379,658	1,466,795	1,912,863	3,424,291	3,143,192	281,099	**-44,633**
2022 – Jan. - Apr.	1,077,429	455,447	621,982	1,256,294	1,105,333	150,961	**-178,865**
2023 – Jan. - Apr.	962,798	419,571	543,227	1,073,097	1,010,397	62,700	**-110,299**
Women							
2022	1,662,233	774,646	887,587	1,664,650	1,516,411	148,239	**-2,417**
2022 – Jan. - Apr.	525,021	235,683	298,338	600,337	520,271	80,066	**-75,316**
2023 – Jan. - Apr.	471,007	211,213	259,794	524,907	492,369	32,538	**-53,900**
Men							
2022	1,717,425	692,149	1,0250,276	1,759,641	1,626,781	132,860	**-42,216**
2022 – Jan. - Apr.	552,408	219,764	332,644	655,957	585,062	70,895	**-103,549**
2023 – Jan. - Apr.	491,791	208,358	283,433	548,190	518,028	30,162	**-56,399**

Source: Based on ANPAL's DID data; see the Methodological Note.
(1) Minor discrepancies between aggregates referring to the same phenomenon are due to the absence, in some of the DIDs, of any indication of the worker's gender.

METHODOLOGICAL NOTE

Mandatory reporting data are subject to frequent revision and cannot be considered definitive. We analysed permanent contracts, fixed-term contracts (including substitutions), and apprenticeships, relating to the non-farm private sector.5 As a result, we did not take into consideration sectors 01-03, 84-88, and 97-99 in the two-digit ATECO 2007 classification.

Net hires or net new contracts refers to the balance between new contracts and terminations. In the 'net hires with permanent contracts' category, we included transitions from a fixed-term contract or from an apprenticeship, whereas these are subtracted from the calculation of the net hires with a fixed term contract or an apprenticeship. Seasonal adjustments are made to the time series with DEMETRA software, developed by Eurostat, using the TRAMO-SEATS procedure that identifies possibly unusual changes in values or levels.

Data from the Declarations of immediate availability to work (DIDs)

Under Italian law, the Declaration of immediate availability to work (DID) formally marks the start of a person's status as unemployed.

The unemployed status is 'suspended' when a person signs an employment contract for an expected or actual period of time up to 180 days. If the contract goes beyond that date, the person is no longer considered to be unemployed. ANPAL's archive of the Declarations of immediate availability to work also includes entries, when a new DID is signed, and re-entries following an interruption in a job contract or at the end of a contract within the 180 days.

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[5] Records are selected where the 'type of contract' variable assumes the values 1, 2 or 3.