

# Employment Fund: Employment Fund's Half-Year Report 1 January 2022–30 June 2022

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## **Employment Fund Stock Exchange Release August 24, 2022 at 10.20**

This release is a summary of Employment Fund's Half-Year Report January-June 2022. The Half-Year Report in its entirety is attached to this release and available at the website <https://talous.tyollisyysrahasto.fi/en/>

### **The Employment Fund's half-year result showed a surplus due to positive development in employment**

- Unemployment insurance contributions and other income EUR 1,715 (1,647) million
- Unemployment allowances, adult education allowances, and administrative expenses paid EUR 1,584 (2,093) million
- Change in net position (half-year result) EUR 99 (-444) million
- Net position EUR 732 (31 Dec 2021: 633) million
- Total investments and assets EUR 2,101 (31 Dec 2021: 2,018) million
- Loans disbursed and other liabilities EUR 1,369 (31 Dec 2021: 1,385) million
- Unemployment rate 6.8% in June 2022 (7.6% June 2021)
- Return on investments -2.7% (+0.3%)

### **Managing Director Janne Metsämäki:**

After two years of COVID-19 pandemic, the Finnish economy was growing strongly and employment developed favourably, reaching a good level in early 2022. The reduction in unemployment began to be reflected in the Employment Fund's results as unemployment security expenses decreased.

The economic outlook took a marked turn for the worse as Russia launched its military aggression against Ukraine in late February. The impacts of the war are reflected in the global and Finnish economy in many ways. The Employment Fund also revised its estimated result for 2022 downwards. Employment continued to develop positively in January-June, however, and in our most recent forecasts made after the end of the review period, we have adjusted the outlook for the next few months upwards. It would appear that the negative impacts on the economy and employment of the war in Ukraine and its consequences will be felt with a delay.

Since the war started, we have increased our preparedness for various threats arising from it. We have intensified our financial monitoring and reporting to the Finnish Financial Supervisory Authority further. We have also increased our preparedness level for cyber security threats and invested in our personnel's coping and well-being in the challenging new situation.

In June, Parliament adopted a legislative proposal on restructuring protection and additional days of unemployment security, under which additional days of unemployment security will be phased out and replaced by a restructuring protection package financed by the Employment Fund. We already started preparing for the new financing task and phasing out of the additional days last year, for example by building a new information system for collecting fees.

Despite the exceptional times, we managed to achieve the targets set for delivering our statutory services in the first six months of the year. Customer satisfaction with the Fund's services was good and, for example, the degree of automation in processing payment applications for adult education allowance has reached an excellent level. Thanks for their good work go to all employees of the Employment Fund.

Our liquidity has remained good, and the financing of unemployment benefits has been secured. We renewed our revolving credit facilities in early 2022, which helped to secure our liquidity further.

In spring, Employment Fund's Board of Directors issued an estimate of next year's contributions, according to which there will be pressure to increase the contributions for 2023. As the Half-year Report was prepared, the economic outlook for 2023 was very uncertain and difficult to forecast. The Employment Fund's Supervisory Board will make a proposal regarding the unemployment insurance contributions for 2023 to the Ministry of Social Affairs and Health in August 2022.

### **The Employment Fund's operating environment**

Russia's attack on Ukraine was felt across a broad front in the Fund's operating environment in early 2022. A global rise in energy and food prices was reflected in the economy as an increase in interest rate expectations and decrease in consumer confidence, among other things. These factors eroded economic growth expectations and also affected the Employment Fund's economic outlook.

However, positive development in employment continued in Finland in the review period, and the employment rate reached its highest level seen in quite some time. Forecasts indicate accelerating inflation and stagnating economic growth, which will pose additional challenges to the Finnish economy in a near future. In recent months, it has become increasingly likely that we are facing a recession.

In 2022, investment market development has largely been dominated by increasing raw material prices, rising inflation and general uncertainty about future economic development resulting from Russia's attack on Ukraine. Among other things, this has been visible as dropping share prices, increasing interest rates and higher credit risk margins. Most investment classes have been struck by significant value drops in early 2022. The Employment Fund is largely a fixed-income investor, and changes in interest rates, credit risk margins and share prices during the review period have had a negative effect on the valuation of investments.

### **Events after the review period and outlook for the end of the year**

The economic outlook after the review period remains uncertain. The rise in energy prices and dependence on Russian energy will affect the economies of many EU countries. It is expected that energy-intensive industry, all electricity users and also household heating will be impacted next winter. The COVID-19 pandemic is also not over, and a new wave of infections is expected in the autumn, even though societies continued their return to normal conditions in the summer.

While the outlook for the Finnish economy and employment remains moderately good at the time of preparing the Half-year Report, the direction it will take largely depends on what will happen in the European economy as a whole and in other key export markets. We estimate that employment will remain at a fairly good level for the remainder of 2022, and that the Employment Fund's result would be in surplus in 2022.

The Employment Fund will make a proposal on unemployment insurance contributions for 2023 in August. According to the estimate we issued in spring, the need to increase the fees is 0.00-0.50 percentage points.

Helsinki, 24 August 2022  
The Employment Fund  
Board of Directors

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### **About Työllisyysrahasto**

*The Employment Fund brings comfort in the changes of the working life. We collect the unemployment insurance contributions that are among other things financing the earnings-related unemployment benefits and urging forward the innovation of learning with the adult education allowance.*

### **Attachments**

- [Download announcement as PDF.pdf](#)

- [The Employment Fund Half-year Report 2022.pdf](#)