

EUROPEAN UNEMPLOYMENT CONTINUES TO RISE

The rise in the number of unemployed in the EU continued in February 2012, reaching a new high of 24.550 million. As a result, the unemployment rate rose by 0.1 pp in February, to 10.2 % in the EU and to 10.8 % in the euro area. The number of unemployed in the EU has continued its steady increase over the past 12 months, leading to 1.874 million more jobless people (+8.3 %). The trend in unemployment is upward in the majority of the Member States, some of which have recently been showing signs of a rapid deterioration.

Overall summary of the situation:

- The number of unemployed in the EU continued to grow in February 2012, reaching a new high of 24.550 million; the EU unemployment rate now stands at 10.2 %.
- The EU youth unemployment rate is at its highest (22.4%) and it exceeded 50 % in Spain and Greece for the first time.
- EU consumers are slightly less pessimistic about the trend in unemployment in the coming months.
- Growth in on-line job demand declined in March 2012, although still supported by increases in Germany, while restructuring activity continued to decline.

States has slowed down markedly and has even reversed in Estonia (up by 0.2 pp to 11.7 % over the three months to December 2011).

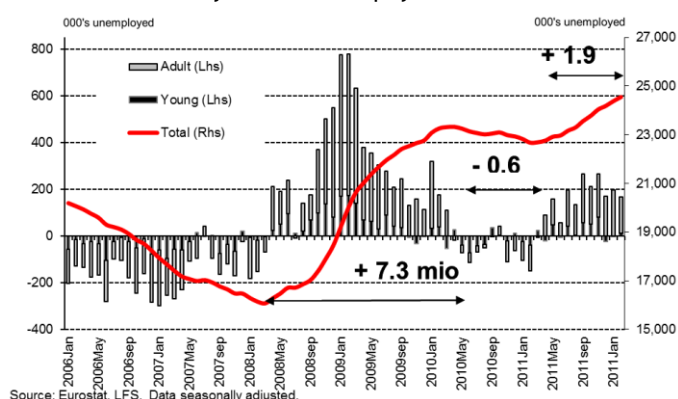
Stability in Germany and some other Member States over the past month

Germany's unemployment rate has fallen steadily during the past two years, reaching a historic low at the end of 2011. However, in the past 5 months to February 2012, the German unemployment rate did not decrease any further and remained at 5.7 %, while the number of unemployed rose slightly in the past two months under review. This has had an adverse effect on the average EU unemployment rate, since Germany is the country that has done most to cushion the rise in European unemployment during the recent period.

Unemployment has risen in the majority of the Member States, and to a marked degree in some of them

During the three months to February 2012, the number of unemployed rose in 17 Member States (see Chart 2). Except for the UK (-0.3 % up to December 2011), all of the large Member States are affected: Italy (+6.0 %), Spain (+3.1 %), which together account for half of the rise in European unemployment, but also France (+2.3 %), Poland (+2.3 %) and Germany (+0.9 %). Noticeable increases were also recorded in the three months to February 2012 in Portugal (+6.4%), Bulgaria (+7.5%) and Greece (+11.2% to December 2011). The gap between EU Member States in terms of their unemployment rate continues to widen, with a gap of 19.4 pps between the lowest unemployment rate (in Austria, 4.2%) and the highest (in Spain, 23.6%), which is the widest range seen in the past decade.

Chart 1: Monthly change in the number of unemployed young people, adults and total and monthly number of unemployed in the EU Jan 06- Feb 12



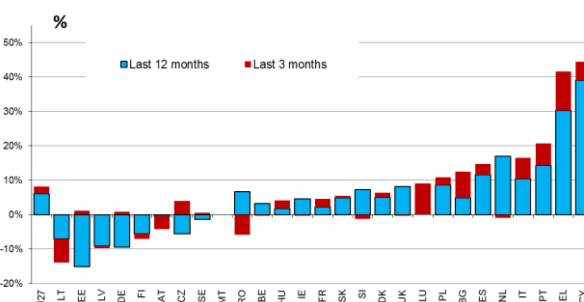
A new phase of steady increase over the last 12 months

Over the year to February 2012, the number of unemployed in the EU has risen by 8.3 % or by 1.874 million people (see Chart 1) with an acceleration since September 2011 that has led to an average of 200.000 more unemployed per month. In the US, the number of unemployed fell steadily (by 9.7 %) from mid-2011 until January 2012, although it turned up slightly (by 0.6 %) in February.

In a few countries the labour market continued to improve

Over the year to February 2012, unemployment has shown a gradual rise in most Member States, and 18 countries have posted an increase (see Chart 2). Eight countries – namely Germany (-0.6 pp to 5.7 %), Finland (-0.6 pp to 7.4 %), Austria (-0.2 pp to 4.2 %), Czech Republic (-0.1 pp to 6.8 %), Sweden (-0.1 pp to 7.5 %) and the Baltic States - have seen an improvement in their unemployment rate during the last 12 months. After a rapid drop from high levels, the fall in the unemployment rate in the Baltic

Chart 2: Change in the number of unemployed (%) over the last 12 months and last 3 months to February 2012



Source: Eurostat, Data seasonally adjusted. Data for EL and UK: December 2011; data for EE, LV and LT: Q4 2011

The ongoing deterioration affects more men than women

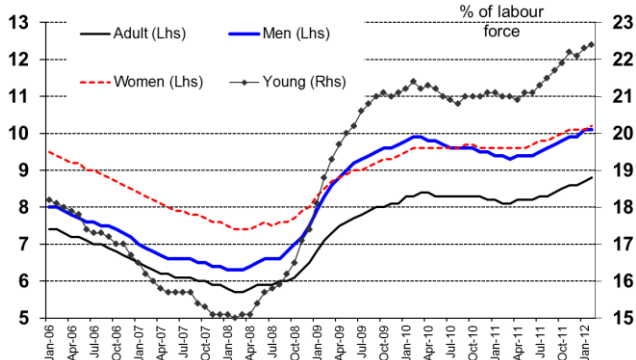
Among the 1.874 million more unemployed over the last 12 months, men predominate (57%) compared to women (43%). With the male unemployment rate rising by 0.7 pp as against 0.6 pp for women since February 2011, the gender gap in favour of men was reduced by 0.1 pp (see Chart 3).

Adults represent the bulk of the recently unemployed. Nevertheless, the unemployment rate for young people has risen more than for adults

In the last 12 months to February 2012, the increase has been more dramatic for adults (up by 9.2 % or 1.612 million people) than for young people (up by 5 % or 262 000

people). Over the past three months, the pace of deterioration remains more marked for adults, with 3% more adults unemployed every month. However, the unemployment rate for young people has actually risen more than for adults. With a 1.4 pps increase during the year to February 2012, the youth unemployment rate reached a new historic high of 22.4% at EU level, compared to 8.8% for adults (+0.7 pp, see Chart 3). This increase affects 21 Member States, some of whom are experiencing a contained increase and others are suffering a marked aggravation; the latter group includes Greece (+13.2 pps to 50.4% in December 2011), Portugal (+8.5 pps to 35.4% in February 2012), Spain (+6.1 pps to 50.5%) and Bulgaria (+5.7 pps to 32.2%).

Chart 3: Monthly unemployment rate (%) for young people (15-24), adults (25-74), male and female Jan 06-Feb 12 in the EU



Source: Eurostat, LFS, Data seasonally adjusted.

EU consumers slightly less pessimistic on the unemployment evolution in the coming months

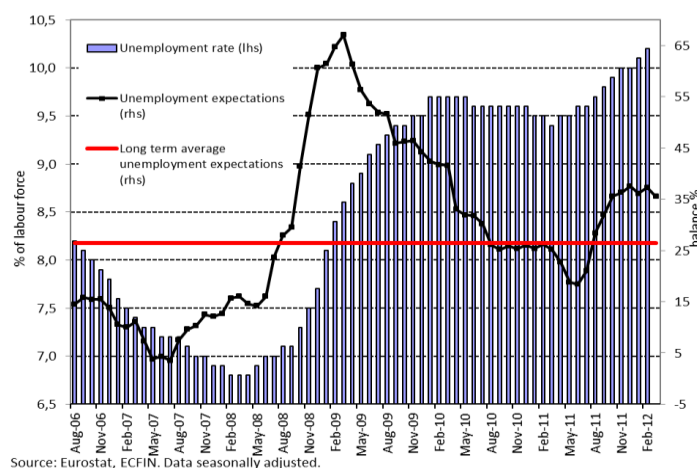
Sentiment about the unemployment trend in the coming months remained noticeably more pessimistic than the long-term average in March 2012 (+35) (see Chart 4). However, European consumers are slightly less pessimistic than in the previous month. Only five countries – Germany, Estonia, Denmark, Latvia and Austria – are broadly optimistic.

Growth in on-line job demand declined somewhat...

The Monster Employment Index Europe posted a year-on-year growth in on-line job demand of 8% in March, down by 2 pps compared to February. Germany continues to register double digit annual growth (+23%), albeit at a decelerated pace compared to February (+28%). While the UK and Sweden demonstrate solid growth, at 8% and 2% respectively, Belgium (-12%) and The Netherlands (-20%) posted severe declines. The telecommunication sector matched those of environment, architecture, and urbanism in leading all industries in March in terms of growth. Public sector, defence and community service (-11%), saw the largest annual declines in online recruitment in the same month. On the other hand, the IT industry recorded an increased growth, with notable

upward momentum amongst the professional services segment.

Chart 4: Unemployment rate and unemployment expectations over the next 12 months in the EU

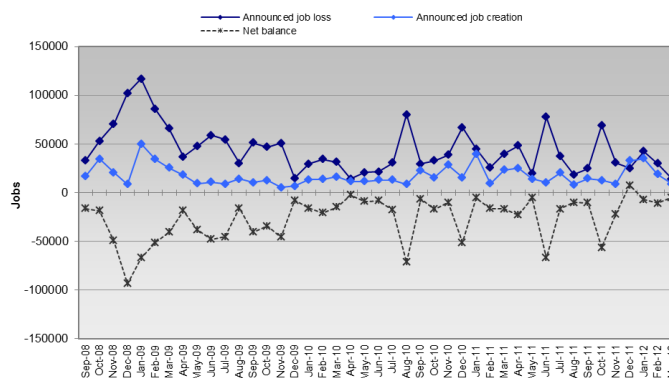


Source: Eurostat, ECFIN. Data seasonally adjusted.

...while restructuring activity continued to fall in March

Restructuring activity reported by the European Restructuring Monitor (ERM) continued to decline in March 2012. During the month, in a total of 72 cases, the ERM recorded only 13 938 restructuring-related announced job losses and 9 076 announced new jobs, resulting in a net negative balance of nearly 5 000 (see Chart 5), half of what was recorded a month before. The Member States with the largest announced job losses were Germany (2 524 announced job losses) and Italy (2 369), followed by Slovenia (1 476), France (1 129), Belgium (1 045) and the United Kingdom (1 039). Manufacturing (4 362 announced job losses) and financial intermediation (4 009) were the sectors the most affected. On the other hand, manufacturing (3 070 announced new jobs), transport and communications (2 760) and financial intermediation (1 400) accounted for most of business expansion.

Chart 5: Restructuring trends



Source: European Monitoring Centre on Change, European restructuring monitor.

Key labour market indicators for the EU-27 (age 15-74)

EU-27	Year (annual average)				Month (seasonally adj.)			Monthly change		Annual change	
	2000	2008	2010	2011	2011 Feb	2012 Jan	2012 Feb	Number or pp	%	Number or pp	%
Unemployment (x 1 000)	19.703	16.833	23.152	23.230	22.676	24.383	24.550	167	0.7	1 874	8.3
Males	9.781	8.719	12.689	12.524	12.249	13.220	13.320	100	0.8	1 071	8.7
Females	9.922	8.114	10.463	10.707	10.427	11.163	11.230	67	0.6	803	7.7
Under 25	4.972	4.218	5.331	5.304	5.200	5.451	5.462	11	0.2	262	5.0
Unemployment rate (%)	8.8	7.1	9.7	9.7	9.5	10.1	10.2	0.1	-	0.7	-
Males	7.8	6.7	9.7	9.6	9.4	10.1	10.1	0.0	-	0.7	-
Females	10.0	7.6	9.6	9.8	9.6	10.1	10.2	0.1	-	0.6	-
Under 25	17.5	15.8	21.1	21.4	21.0	22.3	22.4	0.1	-	1.4	-