

THE NUMBER OF UNEMPLOYED IN THE EU KEEPS GROWING: OVER 25 MILLION FOR THE THIRD MONTH

Overall summary:

Continuous growth over the last 16 months to July 2012 in unemployment, with **2.6 million additional unemployed** (up by 11.6 % or 1 percentage point).

The number of **unemployed in the EU continues to rise** (+0.2 % in July 2012). It reached a new high of 25,254,000 (or an unemployment rate of 10.4 %).

Unemployment has **increased more in the Euro area** than in the EU in recent months.

Unemployment is maintaining an **upward trend in the majority (17) of the Member States**. This once again confirms the growing disparities between the Member States.

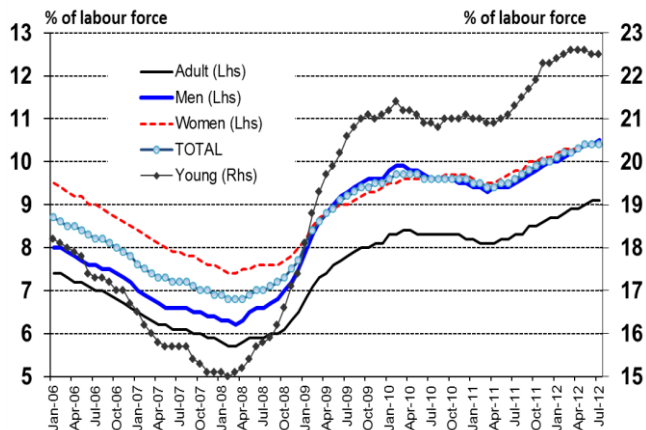
Youth unemployment is apparently stabilizing in the EU as a whole but at high level (22.5 %), and still on the increase in a significant number of Member States.

The **outlook for the coming months is poor**. EU managers expect employment in the service and construction sector to decrease and employment expectations in industry have also deteriorated. Consumer's fears about unemployment have markedly worsened in summer 2012 in most Member States.

The number of unemployed in the EU now over 25 million

The number of people unemployed in the EU remained on the rise in July 2012, reaching a new high of 25.254 million (+0.2 % compared to June 2012) corresponding to an unemployment rate of 10.4 % (See Chart 1). Over the three months to July 2012, the upward trend has slowed somewhat, with a monthly rise of 115000 unemployed on average, as compared to 180000 three months earlier.

Chart 1: Monthly unemployment rate in the EU (%) for young people (15-24), adults (25-74), men, women and total

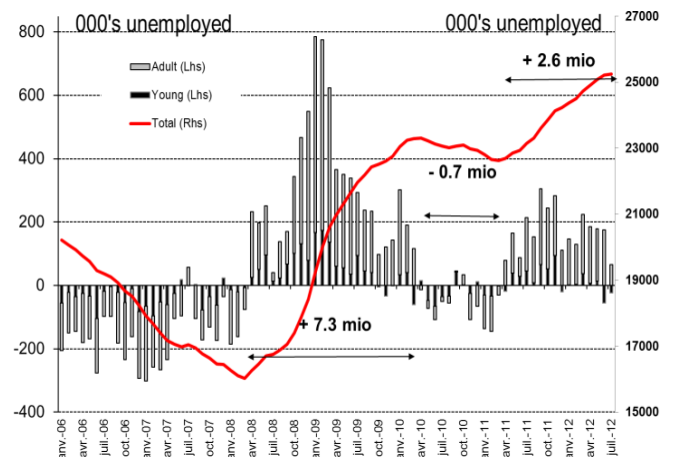


Source: Eurostat, LFS, Data seasonally adjusted [une_rt_m]

Double dip deepens as unemployment continues to rise

From April 2011 to July 2012, the EU unemployment rate showed a continuous rise, growing by 1 percentage point (pp) (See chart 1) to 10.4 %. This is equivalent to more than 2.6 million additional unemployed (+11.6 %) (See Chart 2).

Chart 2: Monthly change in the number of unemployed young, adults and total and monthly number of unemployed in the EU Jan 06- Jul 12

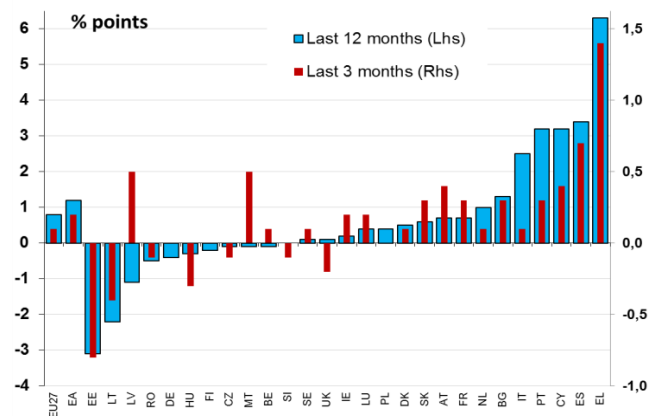


Source: Eurostat, LFS, Data seasonally adjusted [une_nb_m]

Over past few months, unemployment increased more in the Euro area than in the EU as a whole

Between April 2011 and July 2012, the bulk of the increase in unemployment occurred in the Euro Area (more than 2.4 million new unemployed), and the growth rate during the last three months nearly doubled the pace of growth in the EU as a whole (+0.2 pp to 11.3 % against +0.1 pp in the EU - See chart 3).

Chart 3: Change in unemployment rate (%) over the last 12 months and last three months to July 2012



Source: Eurostat, Data seasonally adjusted [une_rt_m]. Data for EL up to May 12; UK: Moving average Apr-May-Jun 12; HU: Moving average May-jun-jul 12; BE, BG, CZ, IE, FR, CY, LU, MT, SI, SK quarterly data up to 12Q1

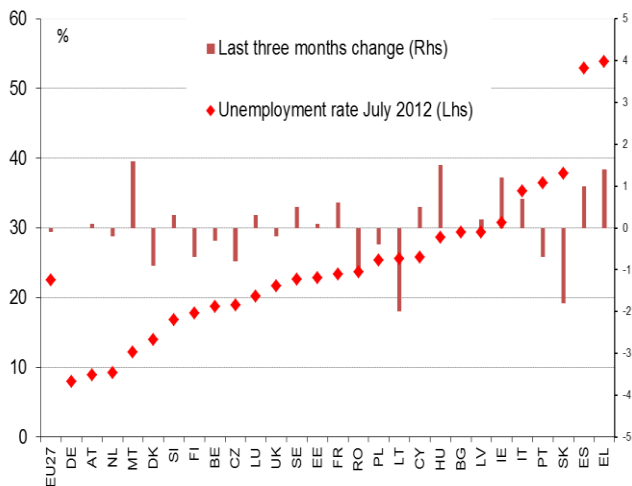
Still a widening gap between EU Member States

The unemployment rate is continuing its upward trend, rising in 17 Member States in the three months to July 2012 (see Chart 3). The highest rises were recorded in Greece (+1.4 pp — up to May 12 — to 23.1%), Spain (+0.7 pp to 25.1%), Latvia (+0.5 pp — up to June 12 — to 15.9%) and Malta (+0.5 pp to 6.3%). During the same period, the unemployment rate remained stable in three countries (Germany, Finland, Poland) and fell in a further seven Member States. In the three months to July 2012, the most significant decreases were recorded in Estonia (-0.8 pp — up to June 12 — to 10.1%), Lithuania (-0.4 pp to 13%) and Hungary (-0.3 pp — up to June 12 — to 10.8%).

The gap between EU Member States in terms of their unemployment rates continues to widen. There is now a gap of 20.6 pp between the lowest (Austria, with 4.5 %) and the highest (Spain, with 25.1 %), which is the widest range that has been seen in the past decade.

Youth unemployment is stabilizing in the EU at a high level (22.5 %) but still on the increase in a significant number of Member States

Chart 4: Unemployment rate for the 15-24 age group in July 2012 and change over the last three months to July 2012



Source: Eurostat, LFS, Data seasonally adjusted [une_nb_m]

In July 2012, the unemployment rate for young people (under 25's) in the EU stabilized at a high level (22.5%). During the last three months to July 2012, the unemployment rate for young people stopped growing in some Member States, but has still increased often from a high level in 10 Member States, particularly in Malta (up by 1.6 pp to 12.2%), Hungary (up by 1.5 pp – last three months up to June 2012 to 28.6%), Greece (up by 1.4 pp – last three months up May 2012 - to 53.8%), Ireland (up by 1.2 pp to 30.7%) and Spain (up by 1.0 pp to 52.9%). Only three countries post a youth unemployment rate under 10%, while 12 countries have a rate that is over 25% (See Chart 4).

EU Managers expect a decrease in employment in the service and construction sector, and employment expectations in industry have deteriorated

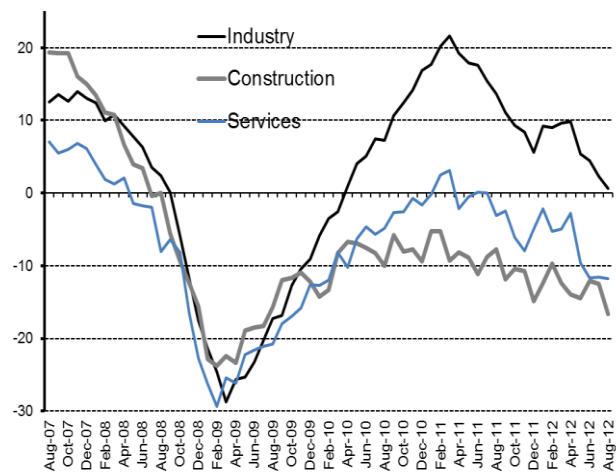
Employment prospects in industry have deteriorated since spring 2012, and in August 2012 they are close to their long-term average at EU aggregate level (see Chart 5). In August 2012, managers in the industrial

sector are fairly pessimistic about employment trends in 14 Member States, and particularly in Spain, Greece and Italy.

Sentiment on employment in construction in the EU remains stubbornly depressed, and in August 2012, managers in the construction sector anticipate falling employment levels in 20 Member States.

Since spring 2012, employment expectations at European level in the services sector have fallen markedly. In August 2012, the employment outlook has declined once again in most Member States. Managers in the services sector now expect employment to fall in 19 MS.

Chart 5: EU employment expectations (next 3 months) in industry, construction and services sectors (centred with long-term average)

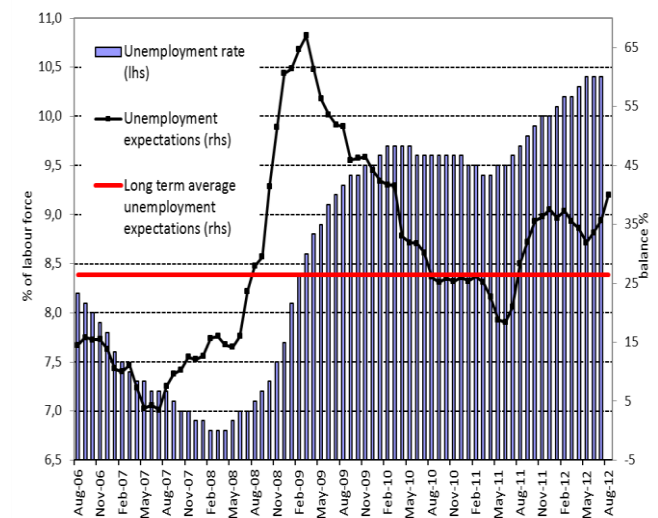


Source: Ecfm, data seasonally adjusted DG Empl calculation

Consumers' fears on unemployment have markedly worsened in summer 2012 in most Member States

Fears that unemployment will increase still further in the coming months have markedly worsened in summer 2012 (see Chart 6). In August 2012, consumers have a pessimistic view of unemployment evolution in 24 Member States.

Chart 6: Unemployment rate and consumers' unemployment expectations (next 12 months) for the EU



Source: Eurostat, ECFIN, Data seasonally adjusted.