# Labour Market Fact Sheet

October 2012

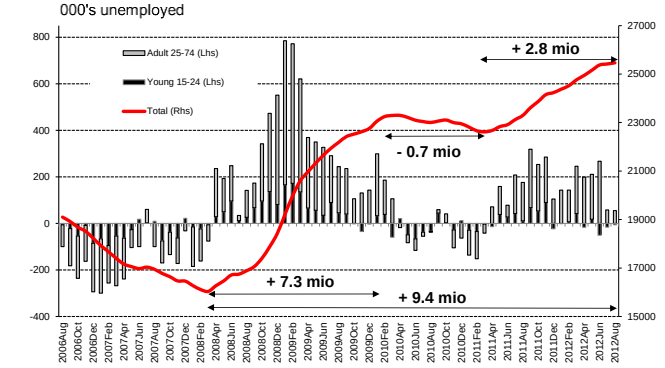
## EU UNEMPLOYMENT AND PESSIMISM INCREASING

For the seventeenth consecutive month, the EU unemployment number rose in August 2012, hitting a new high of 25.47 million, up by 49 000 on the month. Since the trough of March 2011, it has surged by 2.8 million. The EU unemployment rate, stable since June 2012 at a historic high of 10.5 %, is 1.1 pps higher than in March 2011, a rise affecting both women and men. The unemployment rate is stuck at 11.4 % in the euro area. Divergence across Member States is worrying.

### Overall summary of the situation:

- The number of unemployed in the EU continued to grow in August 2012; the EU unemployment rate stayed at 10.5 % and divergence is increasing
- Youth unemployment has declined recently but unemployment rate is rising again - to 22.7 % in August, up 0.1 pp on July -, as inactivity grows
- EU consumers' pessimism is on the rise again
- Hiring activity is depressed in most countries and restructuring continues to see net job losses

**Chart 1: Monthly change in the number of unemployed by age (Lhs) and total level (Rhs) in the EU, August 2006– August 2012**




Source: Eurostat, Series on unemployment, data seasonally adjusted.

### High unemployment is concentrated in the Euro area and mainly driven by adults…

In August 2012, out of the 22 Member States for which statistics are available, the unemployment rate rose in seven, fell in four and remained stable in eleven. Rises and falls were generally limited to 0.1 pp, with the exception of Finland and Sweden (both +0.3 pp), as well as Portugal (+0.2 pp).

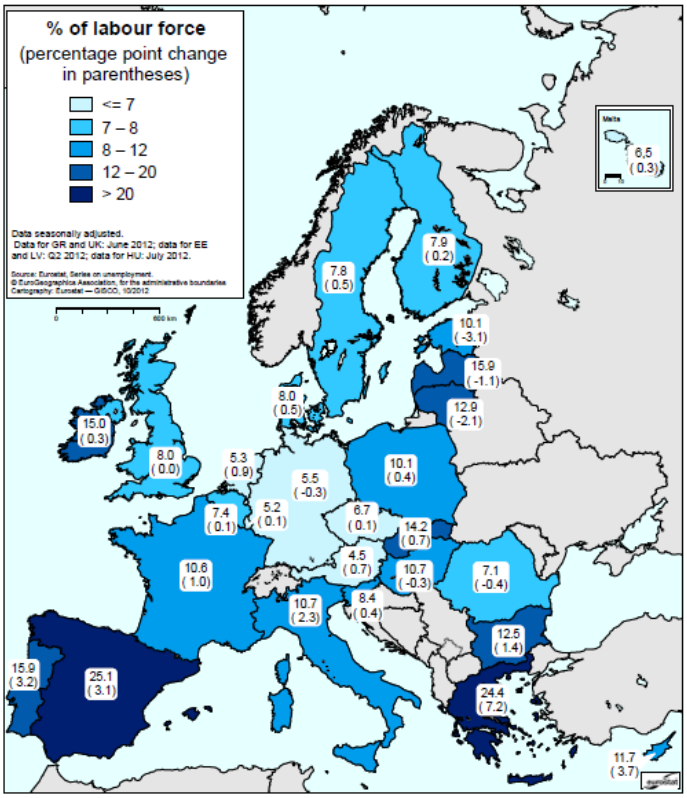
Over the year to August 2012, the number of unemployed in the EU grew by 2.2 million, i.e. an increase of 9.3 %. The rise was concentrated in the Euro area (+2.1 million, +13.4 %). However, this trend is slowing down, as the rise recorded over the last three months in the EU accounted for only 14 % of the y-o-y increase. The latter is primarily due to higher unemployment in the population aged 25 and more, accounting for 92.4 % of the total annual increase. Unemployment for that age group rose by 11.1 % over the year, while youth unemployment rose more moderately, by 3.1 %.

Between the low recorded in March 2008 and the current situation - August 2012 -, taking into account the relative fall (-0.7 million) seen over the year to March 2011 and the surge recorded since then (+2.8 million), the number of unemployed rose by 9.4 million in the EU, or 58.8 % (see Chart 1). Over the same period, unemployment figures more than doubled in Spain, Greece, the Baltic States, Ireland, Cyprus and Denmark. By way of comparison, the number of unemployed in the US rose by 61.2 % (+4.8 million). But the US unemployment rate has been falling recently, at 8.1 % in August 2012, down 1.0 pps on the year, contrary to the EU.

### … whilst divergence between Member States is on the rise

In the year under review, the EU average unemployment rate rose by 0.8 pp to 10.5 %, equally affecting women and men (respectively +0.8 pp to 10.6 % and +0.9 pp to 10.5 %). 20 Member States recorded rises in unemployment rates, while only six saw decreases. The rate remained unchanged in the UK, at 8.0%. As highlighted by Chart 2, the most significant rises were seen at the periphery of the EU, where unemployment is mostly significantly higher than the EU average: Greece (+7.2 pps to 24.4 % in June), Cyprus (+3.7 pps to 11.7 % in Aug.), Portugal (+3.2 pps to 15.9 %), Spain (+3.1 pps to 25.1 % - a new high -) and Italy (+2.3 pps to 10.7 %).

**Chart 2: Unemployment rates, August 2012 and unemployment rate y-o-y changes with August 2011 in parentheses**




France's unemployment rate accelerated over recent months and is above the EU average again, at 10.6 %, up 1.0 pps on August 2011. In Poland, the increase is more moderate, up by 0.4 pp to 10.1 %. The only significant year-on-year falls were noted in the Baltic States: -3.1 pps in Estonia, to 10.1 % in 2012q2,

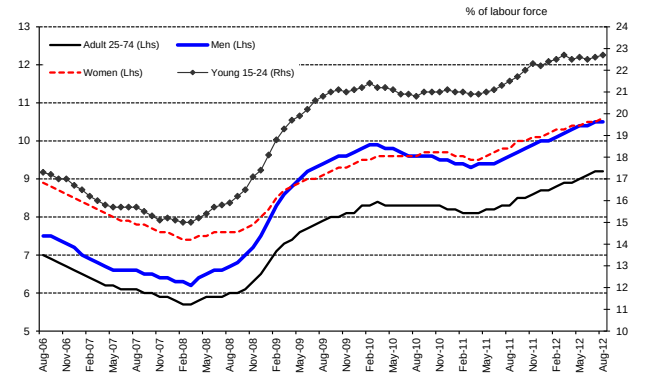
For detailed data references, please refer to the September 2012 issue of the EU Employment and Social Situation Quarterly Review. The Quarterly Review provides more in-depth analysis of the labour market developments. The Fact Sheet is prepared by the Employment Analysis Unit in DG EMPL. The section on restructuring trends has been prepared by the European Foundation for the Improvement of Living and Working Conditions. Information on the ERM and its methodology can be found at: http://www.eurofound.europa.eu/publications/htmlfiles/ef1017.htm Contact: empl-a1-unit@ec.europa.eu

-1.1 pps in Latvia, to 15.9 %, and -2.1 pps in Lithuania, to 12.9 % in August. Among the four countries exhibiting the lowest unemployment rates, while the Netherlands, Austria and Luxembourg posted rises of respectively 0.9, 0.7 and 0.1 pp over the year, Germany's unemployment rate reached a new low in August, down by 0.3 pp over the year, at 5.5 % - since May -. It is the only country in the EU posting a fall in unemployment since March 2008, down by 948 000 (-29.1 %). Overall, disparities between the Member States have gone unabated. There is now a gap of 20.6 pps between the lowest (Austria, with 4.5 %) and the highest (Spain, with 25.1 %) unemployment rates, an all-time record since harmonised statistics exist.

## Youth unemployment has declined recently but unemployment rate is rising as inactivity grows

Over the three months to August 2012, the number of unemployed among the 15-24 age group declined by 73 000, to 5.46 million. However, given the recent developments in youth inactivity - NEETs in particular, see Quarterly Review for details -, the youth unemployment rate is still on the rise. After remaining somewhat stable around 22.5 – 22.6 % from April to July 2012, it edged up to 22.7 % in August, its highest level on record (see Chart 3), 1.2 pps above the rate recorded a year ago.

**Chart 3: Monthly unemployment rate (%) for young people, adults, male and female in the EU, August 2006 – August 2012**



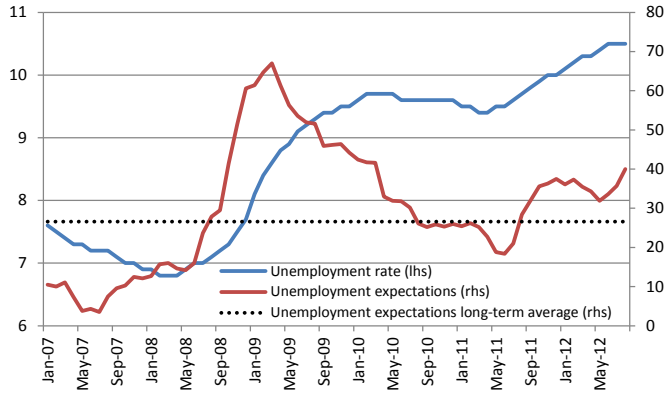

Source: Eurostat, Series on unemployment, data seasonally adjusted.

Over the year, the most significant rises were seen in southern Member States: Greece (+11.6 pps to 55.4 % in June 2012), Cyprus (+6.1 pps to 26.9 %), Bulgaria (+6.0 pps to 29.4 % in August), Spain (+5.7 pps to 52.9%), Italy and Portugal (both +5.6 pps to resp. 34.5 and 35.9 %). Only a few countries saw significant declines: Lithuania (-7.7 pps to 24.8 %), Latvia (-2.9 pps to 29.3 % in 2012q2), Slovakia (-2.7 pps to 31.5 % in August) and Belgium (-2.5 pps to 17.7 %). Six Member States have seen youth unemployment rates above 30 % - Greece, Ireland, Italy, Portugal, Slovakia and Spain -, but only three below 10 % - Austria, Germany and the Netherlands -.

## Consumers' pessimism is gaining ground again

Since June 2012, EU consumers tend to be more pessimistic again about unemployment developments in the coming months, while unemployment expectations remain well above the long-term average (see Chart 4). Pessimism has been growing since June in 21 Member States and the index is peaking above 66 % in Greece, Portugal and Cyprus, i.e. countries most affected by rises in unemployment over the year (see above).

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




Source: Eurostat Series on unemployment and ECFIN consumer surveys; seasonally adjusted.

## Hiring activity is depressed in most EU countries...

The Monster Employment Index Europe, gauging the online job posting activity, declined by 1 % over the year in August, for the first time since April 2010. It then fell by 2 % in September 2012. Germany's Index continued to decelerate but remained in positive territory (+3 %), closely followed by Belgium (+2 %) and the UK (+1 %). All the other countries monitored reported declines, with France and Netherlands recording double-digit falls in annual growth. Europe's agency work industry has been on a negative trend since March 2012, as reported by Eurociett. The trend is particularly marked in France, Belgium and Italy. In Germany and the Netherlands the decline has been smaller.

## ... while restructuring, although limited, continues to cost jobs

Restructuring activity reported on the European Restructuring Monitor (ERM) continued to decline in September 2012. During the month, the ERM recorded 20 943 restructuring-related announced job losses and 8 616 announced new jobs, in a total of 92 cases. The Member States with the largest announced job losses were Germany (3 567 jobs) and the United Kingdom (3 007), followed by Finland, Hungary and Sweden. Manufacturing (9 956 jobs) was the sector the most affected, followed by financial and insurance activities (3 939), retail and information and communication.

**Recent developments of unemployment in the EU-27 (age 15-74)**

| EU-27 | Year (annual average) | | | | Month (seasonally adj.) | | | Monthly change | | Annual change | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2008 | 2010 | 2011 | 2011 August | 2012 July | 2012 August | Number or pp | % | Number or pp | % |
| **Unemployment (x 1 000)** | 19 689 | 16 824 | 23 127 | 23 208 | 23 296 | 25 417 | 25 466 | 49 | 0.2 | 2 170 | 9.3 |
| Males | 9 773 | 8 714 | 12 676 | 12 513 | 12 531 | 13 771 | 13 793 | 22 | 0.2 | 1 262 | 10.1 |
| Females | 9 916 | 8 110 | 10 451 | 10 695 | 10 765 | 11 646 | 11 673 | 27 | 0.2 | 908 | 8.4 |
| Under 25 | 4 965 | 4 215 | 5 323 | 5 297 | 5 294 | 5 464 | 5 458 | -6 | -0.1 | 164 | 3.1 |
| **Unemployment rate (%)** | 8.8 | 7.1 | 9.7 | 9.7 | 9.7 | 10.5 | 10.5 | 0.0 | - | 0.8 | - |
| Males | 7.8 | 6.7 | 9.7 | 9.6 | 9.6 | 10.5 | 10.5 | 0.0 | - | 0.9 | - |
| Females | 10.0 | 7.6 | 9.6 | 9.8 | 9.8 | 10.5 | 10.6 | 0.1 | - | 0.8 | - |
| Under 25 | 17.5 | 15.8 | 21.1 | 21.4 | 21.5 | 22.6 | 22.7 | 0.1 | - | 1.2 | - |