

### RECORD HIGH FOR EUROPEAN UNEMPLOYMENT IN OCTOBER – TOTAL CLIMBS TO NEARLY 26 MILLION

#### Overall summary:

Unemployment climbed to a record high in the EU in October. The number of people out of work **continues to rise** (+0.8% in October 2012), reaching a new high of 25 913 000 (an unemployment rate of 10.7%).

Over the last 19 months to October 2012, unemployment has risen continuously, with **3.4 million more unemployed in the EU** (up by 14.9%).

Unemployment has risen **more in the Euro area** than in the EU as a whole in recent months. The upward trend persisted in about a dozen of the Member States. This once again confirmed the **growing disparities** among Member States.

**Youth unemployment is accelerating from an already record level** in the EU, and is on the rise in 17 Member States.

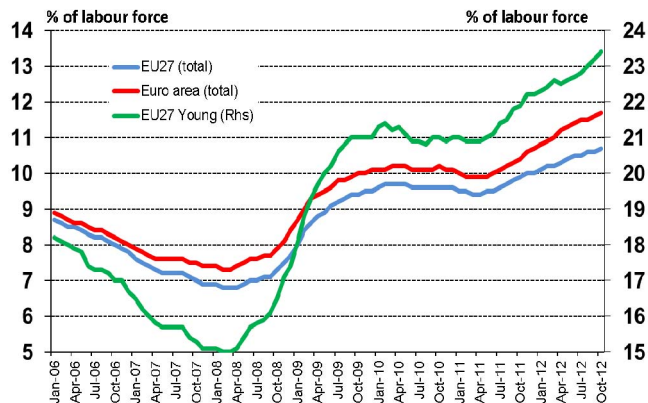
The **outlook for the coming months remains poor**. Employment expectations in industry stabilised, while they are still weak for services and particularly depressed in the construction sector. European consumers' fears of unemployment are growing.

**Restructuring activity** level in November 2012 is still much higher than the average 2012.

#### The number of people unemployed in the EU has risen steadily to reach 26 million

The number of people unemployed in the EU continued to rise in October 2012, reaching a new record high of 25.913 million (+0.8% compared to September 2012), corresponding to an unemployment rate of 10.7% (See Chart 1). Over the three months to October 2012, the upward trend has become more pronounced.

Chart 1: Monthly unemployment rate in the EU (%) total and for young people (15-24) and in the Euro Area



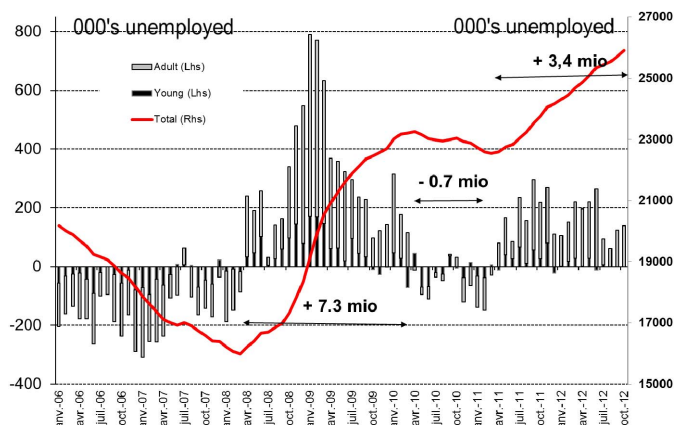
Source: Eurostat, LFS, Data seasonally adjusted [une\_rt\_m]

#### The double dip deepens as unemployment continues to rise

From April 2011 to October 2012, the EU unemployment rate rose continuously, by 1.3 percentage points (pp)

(See chart 1) to 10.7%. This is equivalent to more than 3.4 million additional unemployed (+14.9%) (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- Oct 12

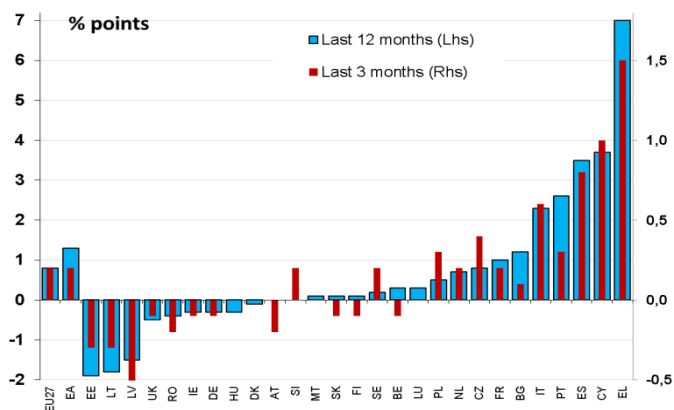


Source: Eurostat, LFS, Data seasonally adjusted [une\_nb\_m]

#### Unemployment rose more in the Euro area than in the EU as a whole over the past few months

Between April 2011 and October 2012, 92% of the newly unemployed in the EU-27 were in the Euro area (with 3.1 million new unemployed). Over the three months to October 2012, unemployment has risen faster in the Euro area than in the EU-27, with +2.3% more unemployed in the Eurozone as against +1.9% in the EU-27 area, yet the unemployment rate has increased by 0.2 pp in both areas (see Chart 3).

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



Source: Eurostat, Data seasonally adjusted [une\_rt\_m]. Data for EL up to Aug 12; UK: Moving average Jul-Aug-Sep 12; EE and HU: Moving average Aug-Sep-Oct 12; BE, BG, FR, CY, LU, MT, SI, SK quarterly data up to 12Q2

#### A dozen countries had unemployment trending upwards, sometimes steeply

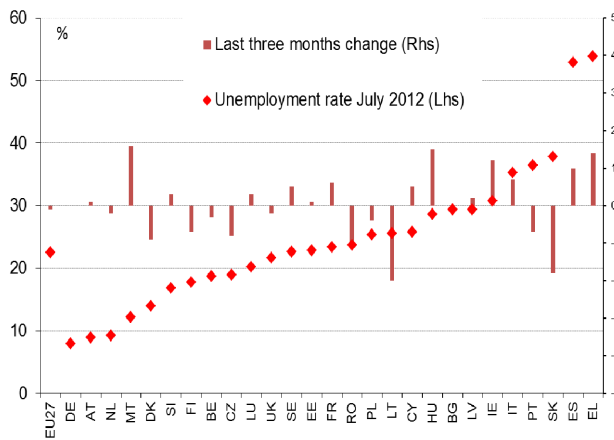
The unemployment rate showed an upward trend in 12 Member States in the three months to October 2012 (see Chart 3). The highest rises were recorded in Greece (+1.5 pps — up to Aug 12 — to 25.4%), Cyprus

(+1.0 pps to 12.9%), Spain (+0.8 pps to 26.2%), Italy (+0.6 pps to 11.1%). Over the same period, the unemployment rate remained stable in four countries and fell in a further 11. Over the three months to October 2012, the largest decreases were recorded in the Baltic countries, Latvia (-1.5 pps — up to Sep 2012 — to 14.2%), Estonia (-0.3 pps — up to Sep 2012 — to 9.6%), Lithuania (-0.3 pps to 12.4%) and Austria (-0.2 pps 4.3%). With diverging trajectories, the gaps between EU Member States in terms of unemployment rates continue to widen.

**Youth unemployment is accelerating from a high level and reaches a new record high**

Over recent months, the unemployment rate for young people (under 25) in the EU has accelerated. In October 2012, it reached 23.4 %, increasing by 0.6 pps over the last three months. The recent trend is upward in most Member States. Over the three months to October 2012, the unemployment rate for young people was growing in 17 Member States, at a fast pace in Latvia (up by 2.5 pps — up to Sep 2012 - to 31.9 %), Cyprus (up by 2.3 pp — up to Sep 2012 — to 29.3 %), Spain (up by 2.2 pp to 55.9 %), Italy (up by 1.7 pp to 36.5 %). In October 2012, only three countries posted a youth unemployment rate under 10 %, namely Germany (8.1 %), Austria (8.5 %) and the Netherlands (9.8 %), while 12 countries had a rate over 25 % (See Chart 4).

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



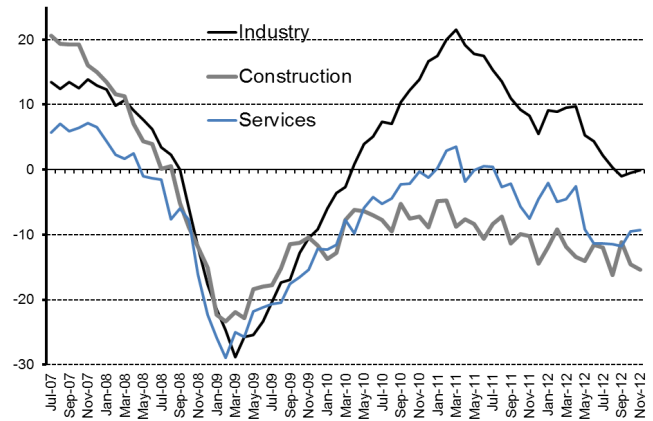
Source: Eurostat, LFS, Data seasonally adjusted [une\_nb\_m]

**Employment expectations in industry have stabilised, while they are still poor for services and particularly depressed in the construction sector**

Employment prospects in industry in the EU-27 have stopped deteriorating and have been stabilising since the end of summer 2012 at a level close to the long-term average at EU aggregate level (see Chart 5). Since late summer 2012, there has been a slight improvement in the employment expectations of the services sector at European level. Nevertheless, employment prospects in services remain poor, as they are still below their long-term average in most Member States. Sentiment concerning employment in construction at EU-27 level has remained persistently depressed over recent years. In November 2012,

managers in the construction sector expected employment to fall in 22 Member States.

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

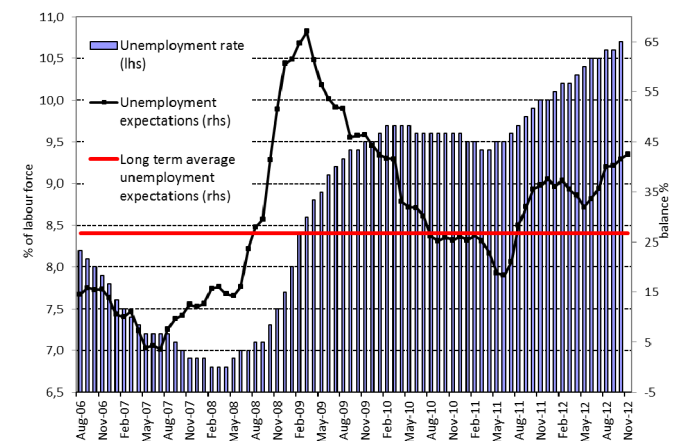


Source: Ecfm.data seasonally adjusted DG Empl calculation

**European consumers in most Member States expect unemployment to increase in the coming months**

Fears of rising unemployment in the coming months worsened again in November 2012 (see Chart 6). In November 2012, consumers were pessimistic about the unemployment outlook in 23 Member States. Only four countries (Germany, Lithuania, Estonia and Latvia) remained fairly optimistic about unemployment trends in the coming months.

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



Source: Eurostat, ECFIN. Data seasonally adjusted.

**Restructuring activity is still higher than the 2012 average**

While restructuring activity reported on the European Restructuring Monitor (ERM) during the month of November decreased compared to the peak reached in the previous month, its level is still much higher than the average 2012 level. During the month, the ERM recorded 44,275 restructuring-related announced job losses and 8,612 announced new jobs, in a total of 104 cases.

