



Employment and Social Developments in Europe

Quarterly Review
March 2019



March 2019

With regularly updated data and charts downloadable [here](#)

The Employment and Social Developments Quarterly Review provides an in-depth description of recent labour market and social developments. It falls under the responsibility of the Directorate Employment and Social Governance of the Directorate-General for Employment, Social Affairs and Inclusion and is prepared by the Thematic Analysis Unit. The main contributors were F. De Franceschi and L. Pappalardo.

A wide range of information sources have been used to produce this report, including Eurostat statistics¹, reports and survey data from the Commission's Directorate-General for Economic and Financial Affairs.

Charts and tables are based on the latest available data at the time of publication, and include Eurostat data on national accounts (employment and GDP) for the fourth quarter of 2018 (2018 Q4), Eurostat data on the Labour Force Survey third quarter of 2018 (2018 Q3) and Eurostat data on monthly unemployment concerning January 2019. Data on which the report is based are the latest available as of 6/3/2019.

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¹ To access them, see [codes] mentioned under the charts, to be used with the Eurostat data search engine: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database



The European Union keeps breaking the record for the number of people in employment: 240 million people have now a job in the European Union, with permanent jobs on the rise. At the same time, unemployment is the lowest it has ever been this century, at 6.5% in January 2019. We have 184 thousand fewer young unemployed compared to last year. Overall, the EU's economy continued to grow throughout 2018, although slowing down in the course of the year. This positive trend has improved the wellbeing of many people. However, we still see that growth in Europe is not benefitting all citizens in the same way. Our main task for the years ahead is to continue improving the living and working conditions in all countries, in all regions and for all citizens. The European Pillar of Social Rights is meant to drive this agenda forward

A handwritten signature in blue ink, appearing to read 'M. Thyssen'.

Marianne Thyssen
Commissioner for Employment, Social Affairs, Skills and Labour Mobility

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List of country codes

EU Member States

AT: Austria
BE: Belgium
BG: Bulgaria
CY: Cyprus
CZ: Czechia
DE: Germany
DK: Denmark
EE: Estonia
EL: Greece
ES: Spain
FI: Finland
FR: France
HR: Croatia
HU: Hungary
IE: Ireland
IT: Italy
LT: Lithuania
LU: Luxembourg
LV: Latvia
MT: Malta
NL: The Netherlands
PL: Poland
PT: Portugal
RO: Romania
SE: Sweden
SI: Slovenia
SK: Slovakia
UK: United Kingdom

Further afield:

US: United States of America
JP: Japan

Executive summary

Economic conditions

In 2018, the EU's economy continued its expansion, yet less dynamically than in 2017. The GDP growth rate in 2018 Q4 was 0.3 % in the EU as a whole and 0.2 % in the euro area, compared to the previous quarter. **All Member States but Italy reported positive GDP growth in the fourth quarter** compared to the previous quarter, with the highest growth rates registered in Malta (3.6 %) and Estonia (2.2 %). GDP in Italy declined by 0.1 % in the fourth quarter: as this is the second consecutive quarter of contraction, Italy has entered into technical recession. The year-on-year growth rate in the fourth quarter was 1.4 % in the EU and 1.1 % in the euro area, signalling a growth moderation compared to the previous quarters. Year-on-year growth rates were positive in all Member States, with particularly robust increases in Malta (7.9 %) and Latvia (5.6 %). In line with the slowdown of economic growth since the beginning of 2018, most recent survey indicators point to lower sentiment and higher uncertainty, linked to Brexit and world trade. Despite this adjustment, the outlook for the labour market remains broadly positive.

Employment

Employment kept growing in the last quarter of 2018, but at a slow pace. It increased by 0.2 % over the previous quarter in the EU and by 0.3 % in the euro area, whereas compared to the fourth quarter of 2017 it grew by 1.2 % both in the EU and the euro area. This light slowdown is broadly in line with forecasts for 2018.

There are now 240 million people in employment in the EU, of which 159 million in the euro area, both are new record levels. Employment has been growing for twenty-three consecutive quarters in the EU, since the low recorded in the first quarter of 2013. Since then, almost 16 million people found a job, including 9.8 million in the euro area. **Total hours worked are increasing more slowly but steadily since the first quarter of 2013, and have now slightly exceeded the peak of 2008.**

Employment continued to increase in most Member States when compared to the previous quarter, but fell in Poland (-1.2 %), Latvia (-0.6 %), Bulgaria (-0.3 %), Croatia and Italy (-0.2 %). When compared with the last quarter of 2017, it expanded in all Member States, for which data are available.

EU employment increased in all sectors but agriculture compared to the same quarter of the previous year. **The service sector recorded the greatest rise**, with 753 thousand more employed people in wholesale trade and 1.3 million more in other services, and **the construction sector is picking up**. Industry experienced again a less important growth.

Permanent and full time jobs continue to rise while temporary jobs are declining. In the third quarter of 2018, permanent jobs increased by 2.7 million compared with the same quarter of the previous year, while the number of temporary employees declined and fell by 300 thousand people and the number of self-employed fell by 135 thousand. At the same time, full-time employment grew, but part-time employment shrank: the number of full-time workers increased by 2.3 million on an annual basis, and part-time work decreased by almost 135 thousand people.

The employment rate continued rising towards the Europe 2020 target and reached 73.2 % in the third quarter of 2018, 0.1 pps more than in the previous quarter. The employment rate increased in almost all Member States, with the largest annual increases recorded in Cyprus (2.7 pps), Malta (2.6 pps) and Finland (2.4 pps). Considerable disparities in employment rates persist in the Member States, as in the third quarter of 2018 there was a difference of almost 23 pps between the highest employment rate (82.5 % in Sweden) and the lowest (59.7 % in Greece). The combination of tight labour market in some Member States and lack of growth in other ones is slowing down the pace at which the employment rate rises in the EU as a whole.

Unemployment

The unemployment rate in the EU and euro area continued to decline, and reached 6.5 % and 7.8 %, respectively, in January 2019. Compared to the unemployment rate in the same month of the previous year this represents a reduction of 0.7 pps, in the EU and of 0.8 pps in the euro

area; compared to the highest levels recorded in 2013, the decrease amounts to 4.5 pps and 4.3 pps, respectively.

Unemployment in the EU has receded by more than 10 million people since its peak observed in April 2013. In January 2019, there were 16.2 million unemployed in the EU, about 1.5 million fewer than in the same month of the previous year.

The unemployment rate decreased or remained stable in all Member States compared with a year ago. The largest reduction was registered in Cyprus (by 2.7 pps down to 7.4 %). Important differences remain among Member States. The lowest rates were recorded in Czechia (2.1 %) and Germany (at 3.2 %). At the other end, Greece² (at 18.5 %), Spain (14.1 %) and Italy (10.5 %) are the only Member States with an unemployment rate over 10 %.

In October 2018, youth unemployment stood at 14.9 % in the EU, 0.9 pps lower than in the same month of the previous year. This represents 184 000 fewer unemployed people aged 15-24. It fell in most Member States, notably in Greece (5.2 pps), Slovakia (3.9 pps), Portugal (3.6 pps) and Spain (3.5 pps). In spite of a significant decrease, Greece remains the country with the highest youth unemployment rate (39.1 %), followed by Italy (33.0 %) and Spain (32.6 %).

Long and very long-term unemployment also continued declining. Long-term unemployment shrank by 0.5 pps in the third quarter of 2018, compared with the same quarter of the previous year, reaching 2.8 % of the labour force. Long-term unemployment receded or remained stable in all Member States. The very long-term unemployment rate (which captures people in unemployment for at least two years) declined by 0.3 pps, down to 1.7 % of the labour force. The share of long-term unemployed in total unemployment is still high, around 43.5 %, although on a declining trend.

The activity rate remained stable at 73.8 % in the third quarter of 2018. This is 0.3 pps more than in the third quarter of 2017. On a yearly basis, the Member States that experienced the strongest increases were Malta (2.7 pps), Lithuania (1.4 pps) and Finland (1.3 pps). On the other hand, the activity rate decreased in Croatia, Italy, Bulgaria (-0.3 pps), and Spain (-0.2 pps). The gap between the US and the EU in the activity rate has been closed, with the 2018 Q2 EU figure slightly surpassing the US figure (73.5 %).

Productivity

The growth of labour productivity, as measured by output per worker, has remained modest in the past years both in the EU and euro area. In the fourth quarter of 2018, year-on-year productivity growth was at 0.3 % in the EU as a whole and at 0.1 % in the euro area. These figures were broadly in line with the trend observed since mid-2017, which shows a slowdown in productivity growth.

Labour costs

Following a brief decline in 2016, the **nominal compensation per employee has been growing since the first quarter of 2017**. The yearly rate of growth registered in 2018 Q4 was 2.6 %. With productivity growth at 0.3 %, this results in nominal unit labour costs growing at 2.3 %. The comparatively strong increases in unit labour cost in some Member States appear to reflect labour or skill shortages.

Household income

The financial situation of households continues to improve in the EU although unevenly. The real per capita gross disposable income of households has been growing for 21 consecutive quarters. In the third quarter of 2018 it was 1.9 % higher than in the same quarter of 2017, and 4.8 % above the level recorded in 2008. However, GDHI is still below 2008 level in seven Member States. In the latest available period, which is February 2019, the number of people who reported to be in financial distress decreased further, especially in the top quartiles but also in the lowest quartile. Furthermore, some Member States recorded strong increases in this indicator, with France and Belgium displaying the highest levels in the EU for the lowest quartile.

² Unemployment rates for Greece are related to November 2018

Labour demand

The unmet demand for labour, as expressed by the job vacancy rate has been rising since the end of 2014 in the EU and the euro area. In the fourth quarter of 2018 (the latest period with data available), the vacancy rate stood at 2.3 % both in the EU and the euro area, the highest levels registered since 2006. The job vacancy rate ranged from 0.6 % in Greece to 6.0 % in Czechia.

Outlook

Survey indicators of companies' employment expectations have weakened but remain more favourable than the long-term average. Since May 2018, unemployment expectations have also worsened relative to the recent very favourable scores. While employment in the EU is expected to continue expanding in 2019, the pace of this growth shall record a slowdown.

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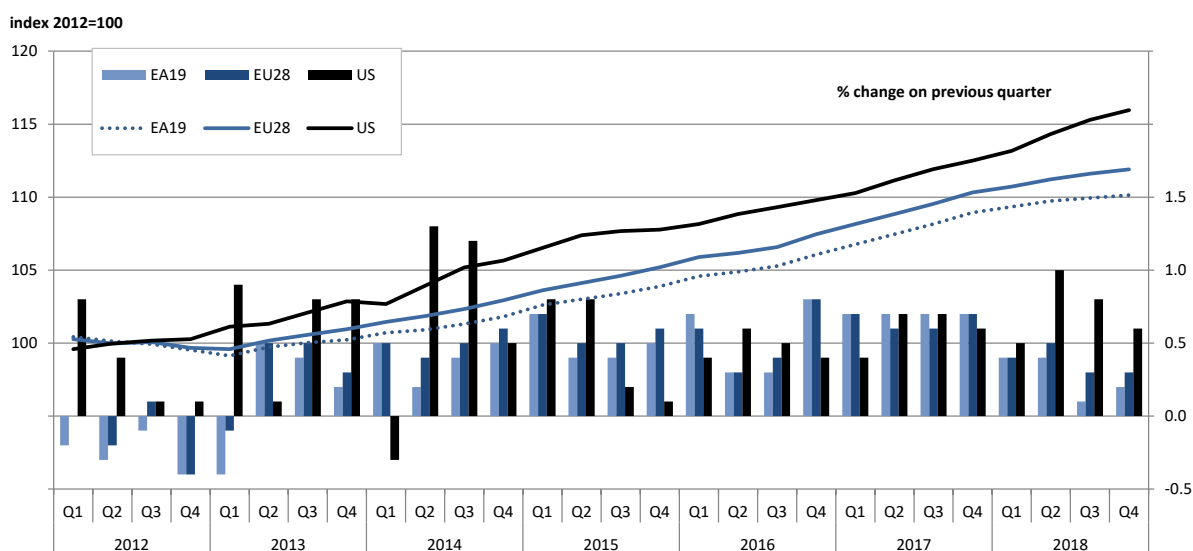
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1. Macroeconomic and employment developments and outlook

In the last quarter of 2018, compared to the previous one, real GDP increased by 0.2 % in the euro area and by 0.3 % in the EU as a whole. This is the slowest pace of growth experienced in the EU since 2016. In the EU, the largest contribution to this growth came from the external balance in both the EU and the euro area, followed by private consumption in the EU and public consumption in the euro area. Year-on-year growth rates recorded a strong slowdown, and are now down to 1.4 % in the EU and to 1.1 % in the euro area. In contrast, the US economy expanded at a faster pace, confirming a trend that began 5 quarters ago, with real GDP increasing by 0.6 % in the third quarter, bringing year-on-year growth to 3.1 %.

Real GDP in the EU and the euro area now exceeds the levels of Q1 of 2013, the time when the recovery started, by 12.3 % and 11.1 %, respectively. In comparison, the real GDP level in the US grew by a cumulative 14.6 % over the same period (Chart 1).

Chart 1: Real GDP growth - EU, euro area and US, 2012-2018

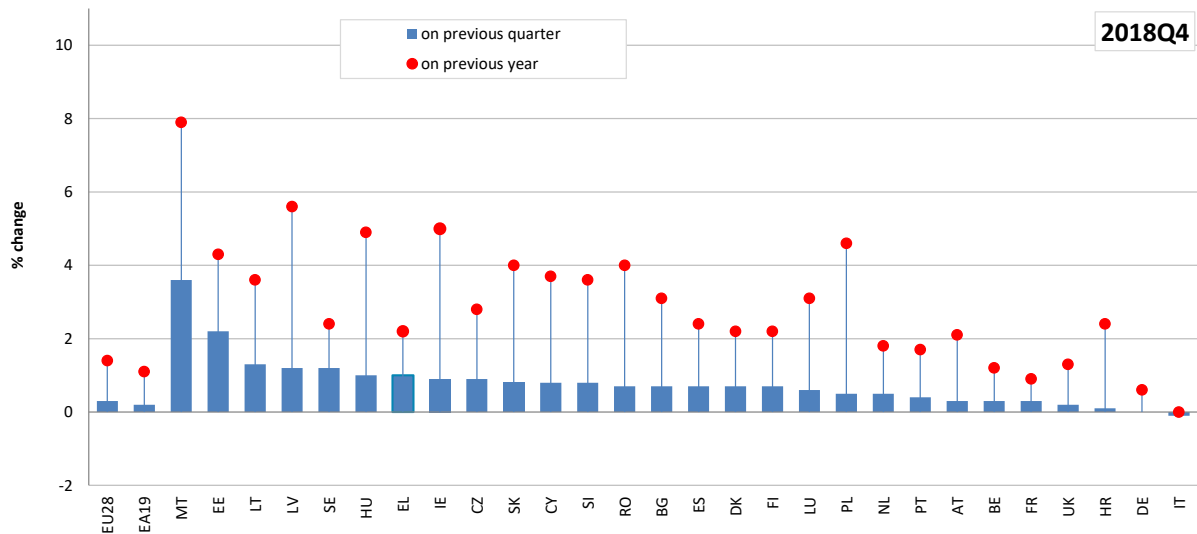


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp, naidq_10_gdp]
[Click here to download chart.](#)

All Member States but Italy report positive GDP growth

In the fourth quarter of 2018, all Member States, with the exception of Italy, experienced positive growth compared to the previous quarter. As this is the second consecutive quarter that Italy records a contraction of economic activity, it has entered into technical recession. On the other end of the spectrum, the fastest-growing EU countries were Malta³ and Estonia. Among the large economies, France was the one with the highest growth (0.3 %), followed by the UK (0.2 %). Germany’s GDP remained unchanged (0.0 %). Among the Member States hardest hit by the economic and financial crisis, 2018 Q4 marks the 21th continued quarter of positive economic growth for Spain and the 9th for Greece⁴. Year-on-year growth was positive in all Member States (Chart 2).

Chart 2: Real GDP growth – EU, euro area and Member States



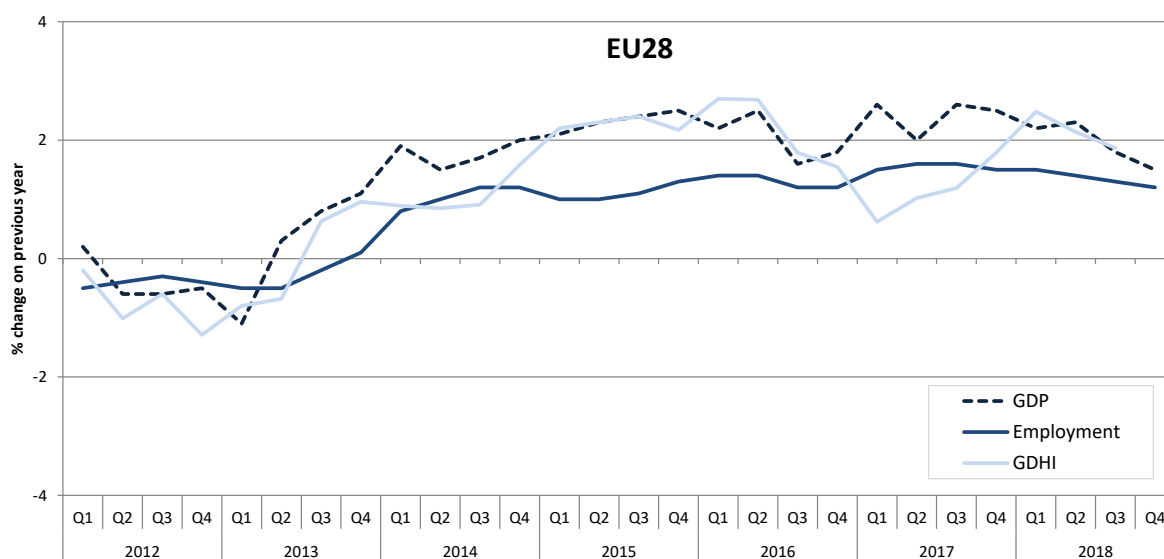
Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp]
 Note: Data for SK are seasonally and not calendar adjusted. 2018 Q3 data for BG, CY, EL, IE, LU and MT.
[Click here to download chart.](#)

³ 2018 Q3
⁴ 2018 Q3

The slowdown in economic growth is also reflected in employment and household incomes

In the fourth quarter of 2018, employment increased by 0.2 % in the EU and by 0.3 % in the euro area compared to the previous one, thus continuing the slowdown already observed in Q3. In the fourth quarter of 2018 employment recorded a year-to-year increase of 1.4 % in the EU and 1.1 % in the euro area, also indicating a weakening performance. Accompanying the economic and labour market recovery, gross disposable household income (GDHI) in the EU⁵ registered a 1.9 % year-on-year increase in real terms in Q3 of 2018, the latest period for which that indicator is available (Chart 3).

Chart 3: Real GDP, GDHI and employment growth in the EU, 2012-2018



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, namq_10_pe, nasq_10_nf_tr] (DG EMPL calculations for GDHI)

Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28

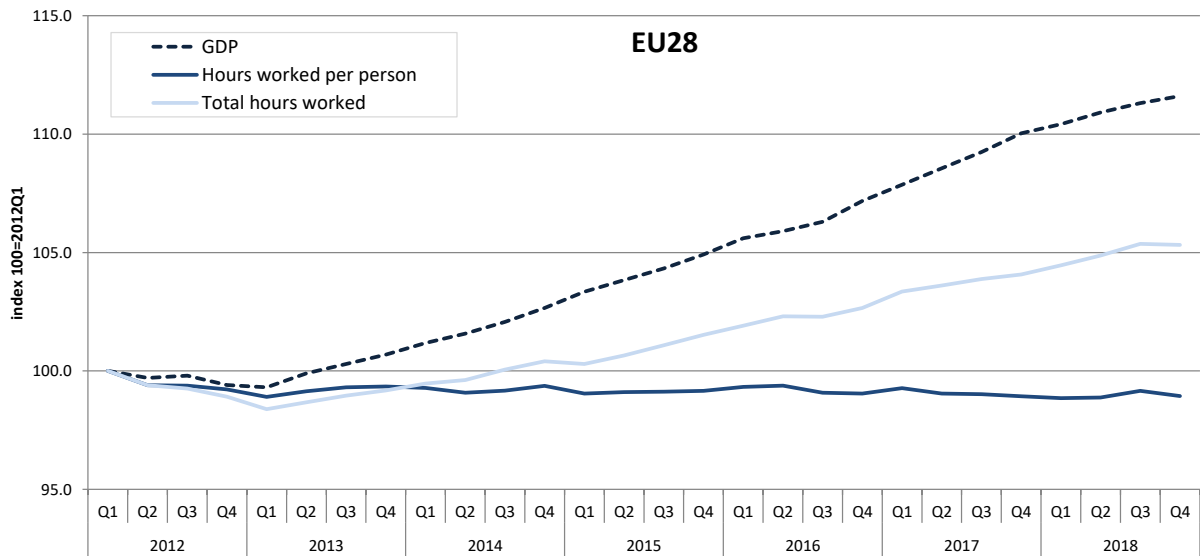
[Click here to download chart.](#)

⁵ The real GDHI growth for the EU is an estimation by DG EMPL, and it includes Member States for which quarterly data are available (19 Member States: AT, BE, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, NL, PL, PT, RO, SE, SI, UK, which account for at least 90 % of EU GDHI). The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is a weighted average of real GDHI growth in Member States.

The economic recovery and expansion have not been rich in working hours

In the fourth quarter of 2018, the working time per worker reached 409 hours per worker in the EU and 396 in the euro area. The latest developments are in line with a slow, but steady, long term decline. Total hours worked are increasing slowly but steadily since the first quarter of 2013, and have now slightly exceeded the peak of 2008. This is explained by a sharp drop in hours per worked per person during the crisis, and a recovery that was not particularly rich in working hours. Beyond part-time work, this can be attributed to changes in the breakdown of employment by sector of economic activity (Chart 4).

Chart 4: GDP and hours worked (total and per employed person), 2012-2018

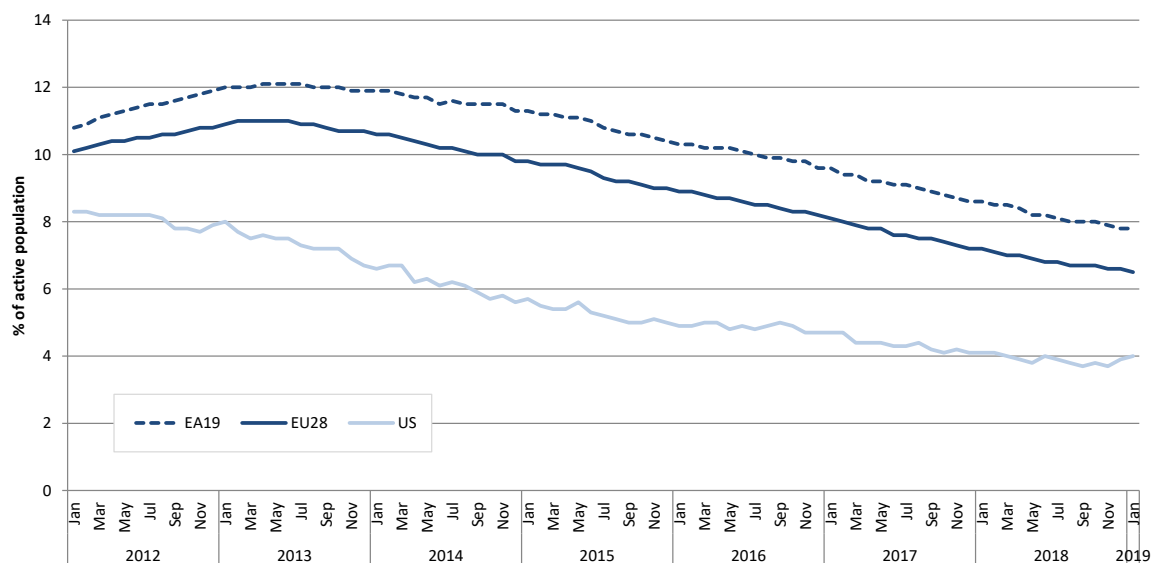


Source: Eurostat, National Accounts [namq_10_gdp, namq_10_a10_e, namq_10_pe], unadjusted data

Unemployment continues to recede

In January 2019, the EU and euro area unemployment rates continued the decline started in the autumn of 2013, and stood at 6.5 % and 7.8 %, respectively, down from 7.2 % and 8.6 % in January 2018. By comparison, the unemployment rate in the US reached 4.0% in January 2019 from 4.1 % a year earlier (Chart 5).

Chart 5: Unemployment rate - EU, euro area and US, 2012–2019

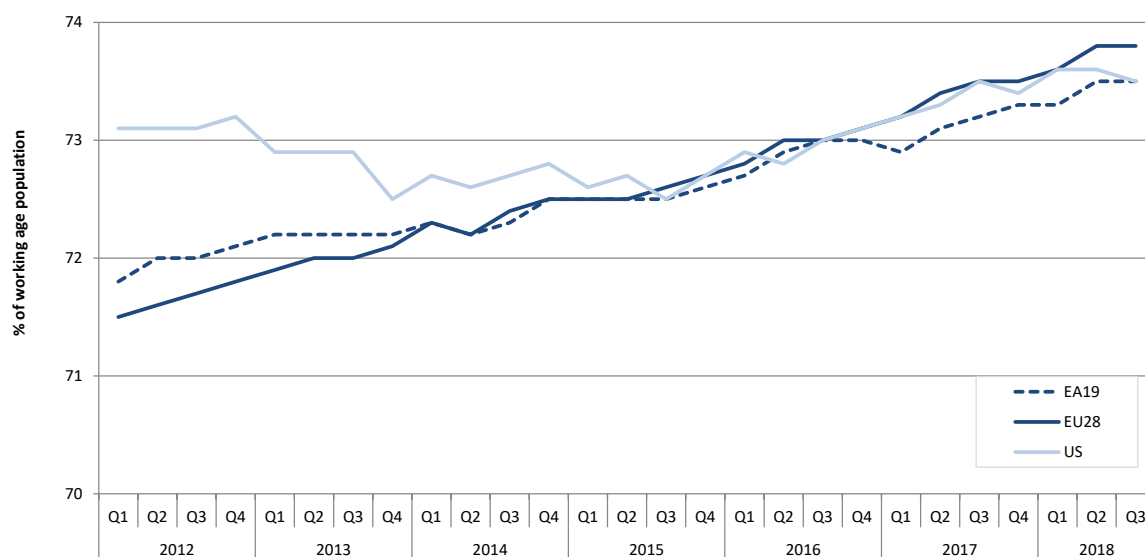


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
[Click here to download chart.](#)

Labour market participation heads up

Following a continuous increase over several years, the activity rate (the share of people in employment or unemployment within the total population) was 73.8% in the EU and 73.5 % in the euro area in the third quarter of 2018 (the latest period with data available). A large gap between the US and the EU in the activity rate observed in previous years has been closed, with the 2018 Q2 EU figure slightly surpassing the US figure (73.5 %, Chart 6).

Chart 6: Activity rate - EU, euro area and US, 2012-2018



Source: Eurostat, LFS [lfsi_act_q], and US Bureau of Labour Statistics, LFS from Current Population Survey (CPS), seasonally adjusted data

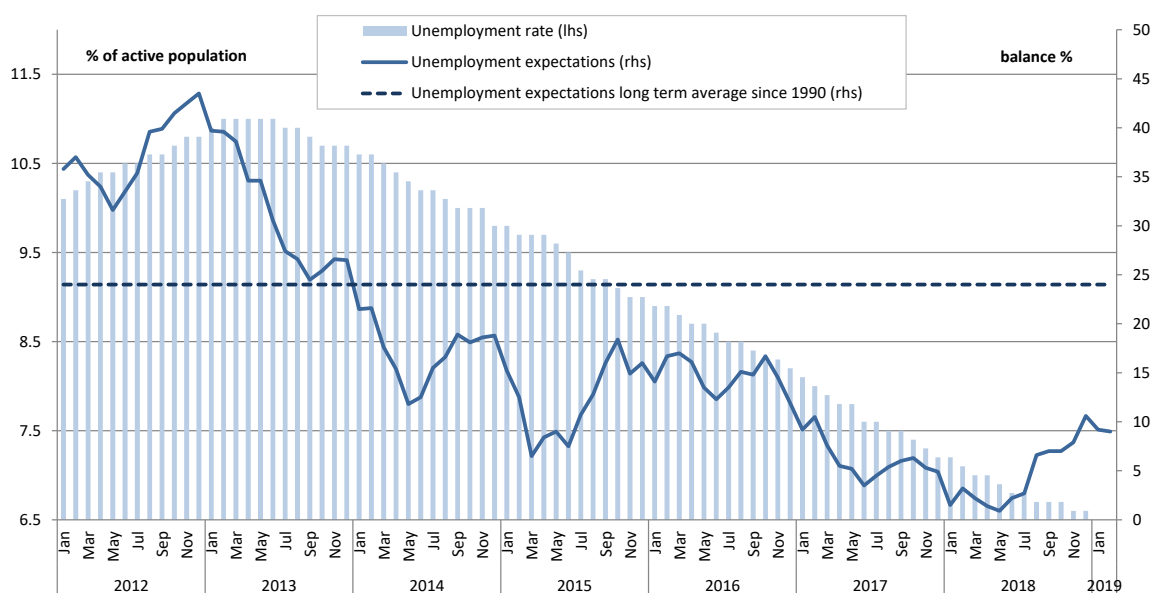
Note: Working age population 15-64 for EU, euro area and 16-64 for US.

[Click here to download chart.](#)

Economic sentiment and employment outlook have slipped after a recent peak

The Commission's economic sentiment indicator, a composite of sector-specific confidence indicator (covering industry, services, retail trade, construction and households) within the EU Business and Consumer Surveys (BCS)⁶, was heading up between mid-2016 and December 2017 (114.4). At the beginning of 2018, it started declining and has reached 105.3 in February 2019. Unemployment expectations⁷ have markedly deteriorated since mid-2018 but remain favourable in comparison to the long-term average (Chart 7). In the second half of 2018 and beginning of 2019, the employment expectations component of BCS diverged across sectors, with a decline for industry and services, stagnation for retail sale and construction (Chart 8).

Chart 7: Unemployment rate versus unemployment expectations – EU, 2012–2019

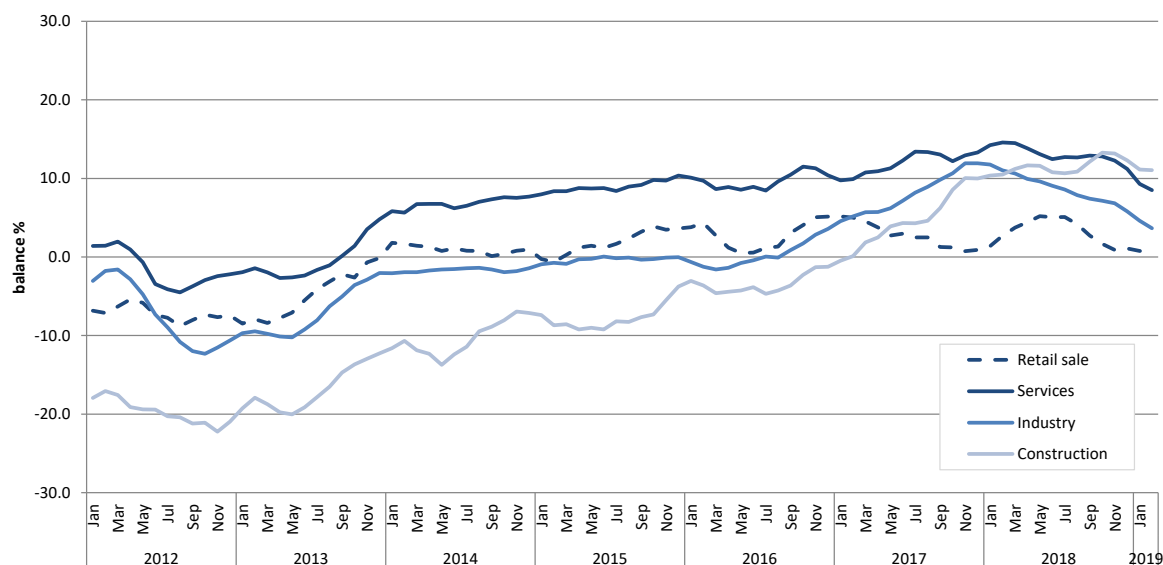


Source: European Commission, Business and Consumer Surveys and Eurostat, LFS, seasonally adjusted data [ei_bsco_m, une_rt_m]
Click here to download chart.

⁶ https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys/download-business-and-consumer-survey-data/time-series_en

⁷ The unemployment expectation indicator is derived as the balance of those respondents who expect higher and those who expect a lower level of unemployment. Thus, a negative value corresponds to a lower expected level of unemployment.

Chart 8: Employment expectations by sectors – EU, 2012–2019



Source: European Commission, Business and Consumer Surveys [ei_bsrt_m_r2, ei_bsse_m_r2, ei_bsin_m_r2, ei_bsbu_m_r2], seasonally adjusted data, moving averages
[Click here to download chart.](#)

The outlook for jobs in the EU remains positive, but global economic conditions and labour shortages constitute constraints

The Winter 2019 Economic Forecast by the European Commission⁸ expects a moderation in economic growth in the EU, in line with a weakening global growth amid downside risks. However, the slowdown should not affect the positive development of labour market indicators expected for 2019 and 2020. Increasing labour shortages constrain the expansion of employment as slack at the labour market has reduced in some countries.

In the latest labour market forecast available (November 2018, Autumn 2018 Economic forecast), the Commission slightly revised upwards its forecast of employment growth to 0.8 % in 2019. The forecasted employment growth rate for 2020 is 0.7 %. Unemployment was predicted to fall to 6.6 % in 2019 and 6.3 % in 2020 (Table 1).

⁸ European Commission, Economic and Financial Affairs: European Economy Institutional paper 096 of February 2019

Table 1: Recent forecasts – EU and euro area

		GDP growth			Unemployment rate			Employment growth		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
euro area										
Commission	<i>Nov-18</i>	2.1	1.9	1.7	8.4	7.9	7.5	1.4	1.0	0.9
	<i>Feb-19</i>	1.9	1.3	1.6	:	:	:	:	:	:
OECD	<i>Mar-19/Nov-18</i>	1.8	1.0	1.2	8.2	7.6	7.2	1.2	1.0	0.8
ECB	<i>Sep-18</i>	2.0	1.8	1.7	8.3	7.8	7.4	1.4	0.9	0.8
IMF	<i>Oct-18</i>	2.0	1.9	1.7	8.3	8.0	7.7	1.2	0.7	:
EU										
Commission	<i>Nov-18</i>	2.1	1.9	1.8	6.9	6.6	6.3	1.2	0.8	0.7
	<i>Feb-19</i>	1.9	1.5	1.7	:	:	:	:	:	:
IMF	<i>Oct-18</i>	2.2	2.0	1.8	:	:	:	:	:	:

Source: European Commission November 2018 and February 2019, OECD November 2018 and March 2019, ECB September 2018, IMF October 2018.

Note: ':' information not available.

[Click here to download table.](#)

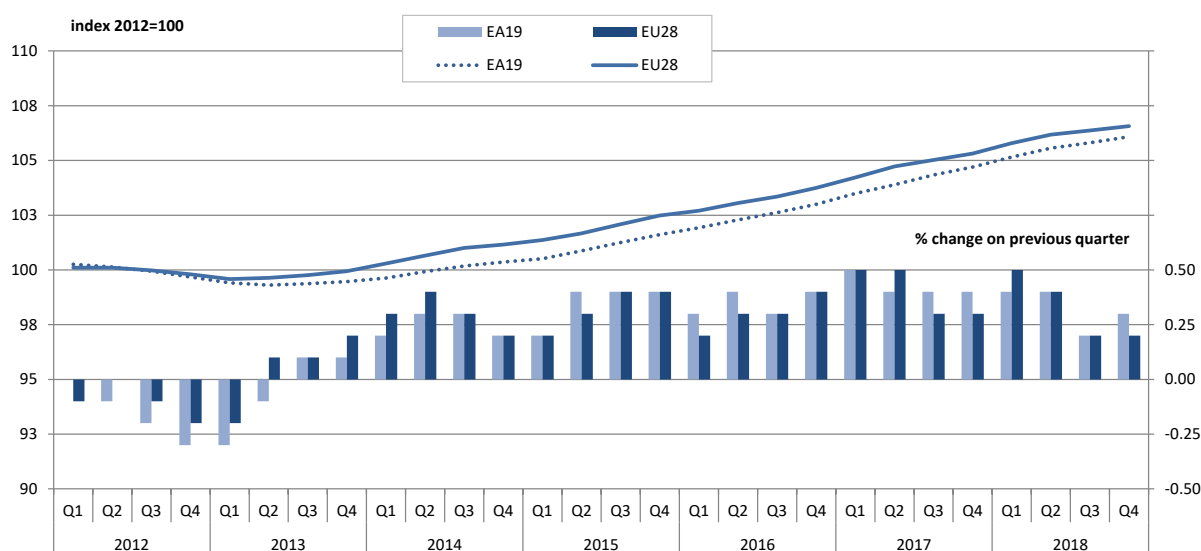
2. Employment in the EU and in Member States

Another quarter of employment growth in the EU, but again at a slower pace

Employment kept growing in the last quarter of 2018, showing however the tendency towards a slight slowdown in the second part of the year. Employment levels increased by 0.2 % over the previous quarter in the EU and by 0.3 % in the euro area. Compared to the last quarter of 2017, employment expanded by 1.2 % in both the EU and the euro area. This result is broadly in line with forecasts for 2018, which predicted further improvements of the labour market conditions, but at a more moderate pace.

Since the low point registered in the first quarter of 2013, employment has been growing for twenty-three consecutive quarters in the EU. Since then, and up to the last quarter of 2018, employment has increased by almost 16 million people (including 9.8 million in the euro area). In the fourth quarter of 2018, employment in the EU reached a new record level with 240 million people in employment, of which 159 million in the euro area (Chart 9).

Chart 9: Employment level – EU and euro area, 2012-2018



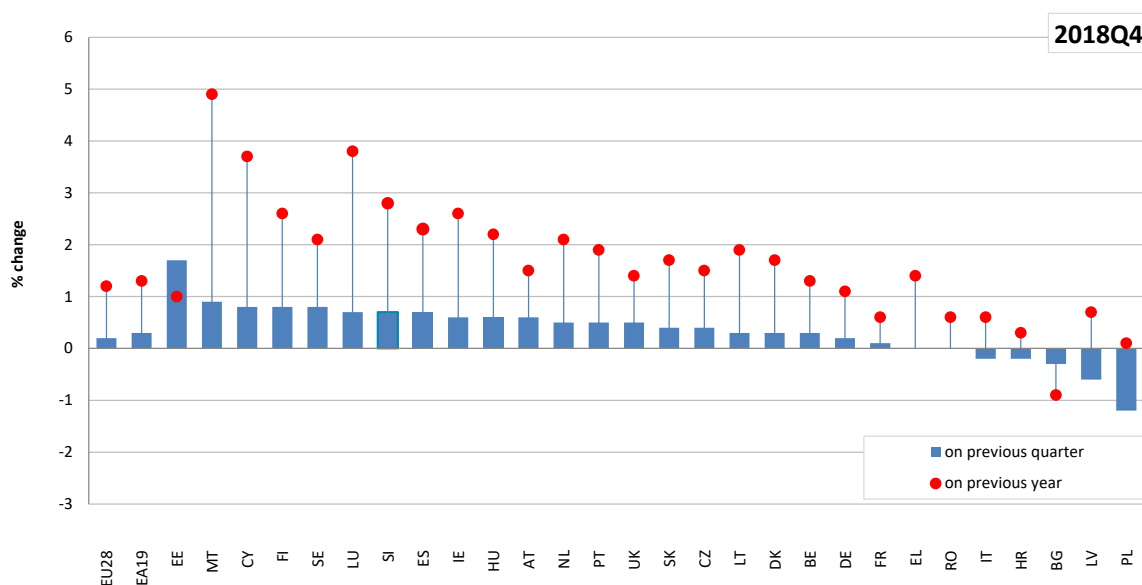
Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_pe]
[Click here to download chart.](#)

Employment expands in most Member States but is declining in others

In the last quarter of 2018, employment continued to increase in most of the Member States when compared to the previous quarter. Whereas employment grew the most in Estonia (1.7%), it registered a decrease in Poland (-1.2 %), Latvia (-0.6 %), Bulgaria (-0.3 %), Croatia and Italy (-0.2 %) as shown in Chart 10.

Compared to the fourth quarter of 2017, employment was higher in all Member States except for Bulgaria (-0.9 % with third quarter data). Growth was especially strong in Malta (4.9 %), Luxembourg (3.8 %) and Cyprus (3.7 %) although for all these countries the last available data still refer to the third quarter.

Chart 10: Employment growth – EU, euro area and Member States



Source: Eurostat, National Accounts, seasonally and calendar adjusted (q-o-q) and unadjusted (y-o-y) data [namq_10_pe]

Note: Seasonal (no calendar) adjustment for q-on-q change and/or data for 2018Q3 for several countries. [Click here to download chart.](#)

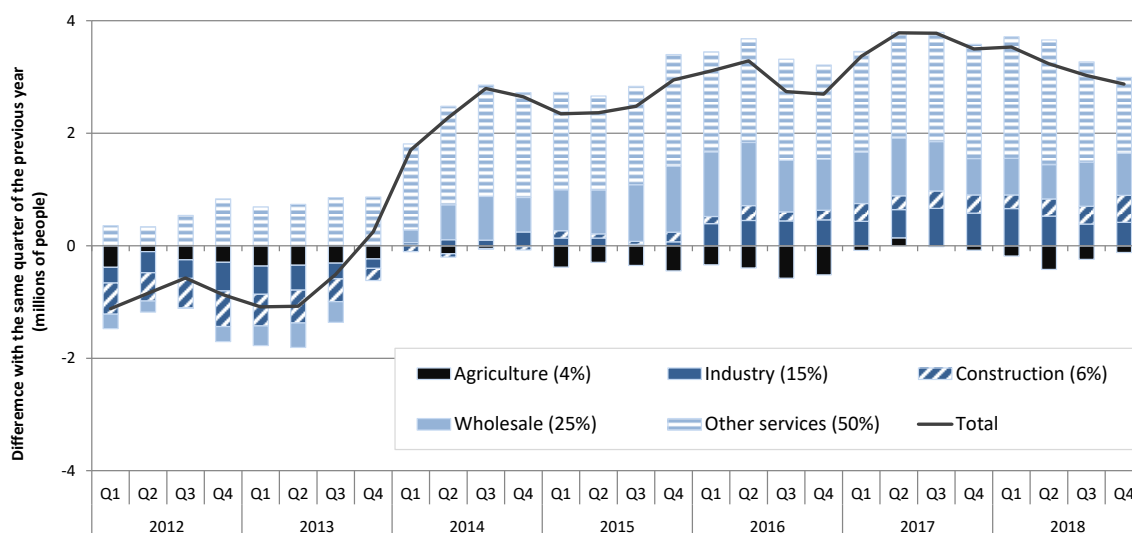
Employment growth in the service sector slows down, construction is picking up

In the fourth quarter of 2018, EU employment increased again in all sectors but agriculture compared to the same quarter of the previous year. The service sector recorded the greatest rise, with 753 thousand more employed people on wholesale trade and 1.3 million more employed people in other services. However, this increase is the lowest (year-on-year) recorded since the first quarter of 2014. In absolute terms, employment in industry and construction grew less than in the service sector, and respectively by 417 thousand and 476 thousand people. However, for construction, this is the biggest rise in employment on a yearly basis since the last quarter of 2007. In relative terms, it grew by 1.2 % in the last quarter.

Employment in agriculture declined by 121 thousand people on a yearly basis, in line with a long-standing negative trend, although it expanded by 0.2 % compared to the third quarter of 2018.

The [Statistical Annex](#) presents in detail the changes in employment by sector and Member State.

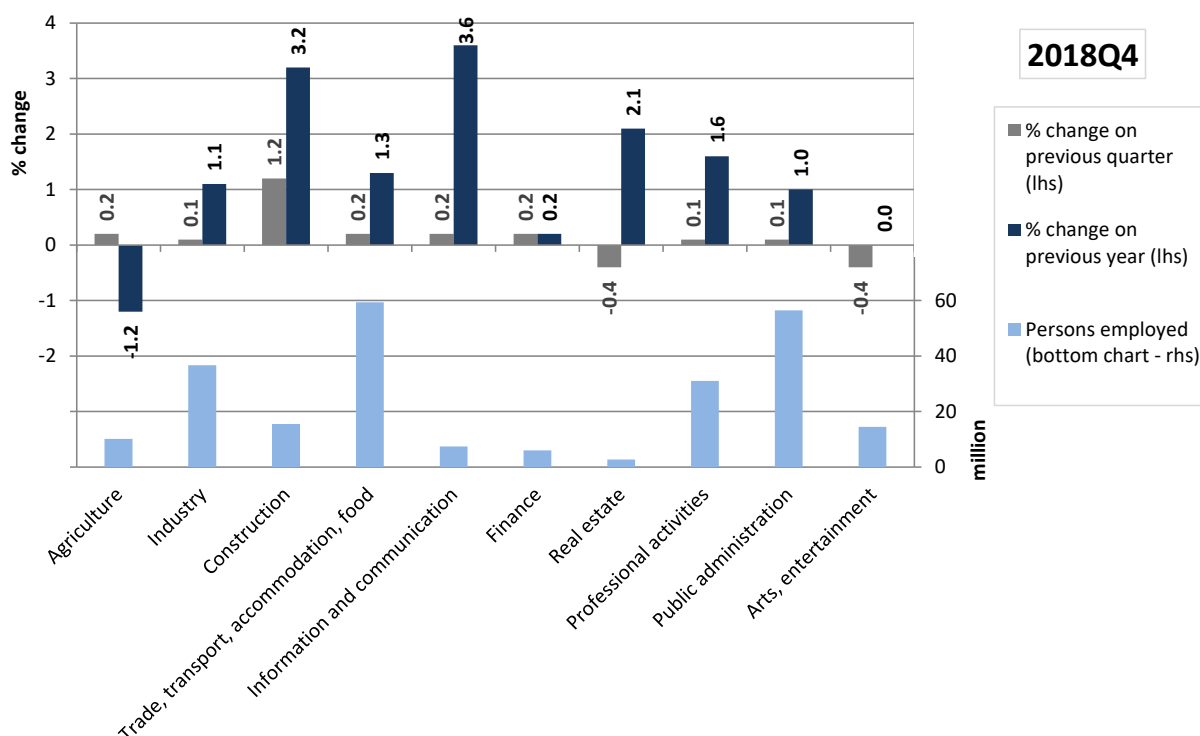
Chart 11: Employment growth by sector – EU, 2012-2018



Source: Eurostat, National Accounts, unadjusted data [namq_10_a10_e]

Note: Figures in brackets in the legend indicate the sector's share of employment in the EU economy
[Click here to download chart.](#)

Chart 12: Employment growth by sector – EU

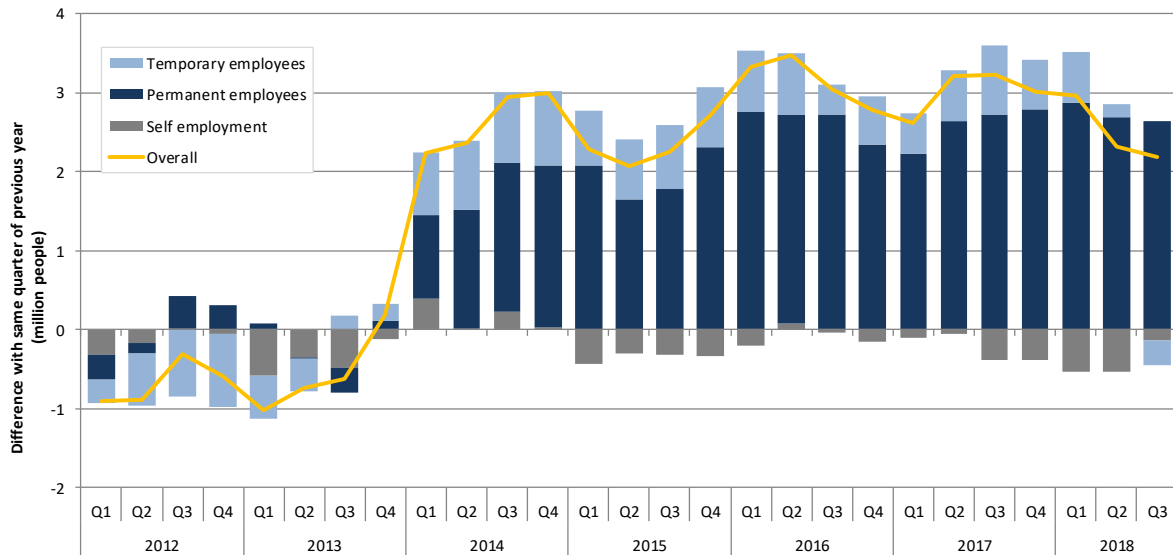


Source: Eurostat, National Accounts, seasonally and calendar adjusted (q-o-q) and unadjusted (y-o-y) data [namq_nace10_e]
 Top chart: Employment growth (%). Bottom chart: Employment level (million).
[Click here to download chart.](#)

Permanent jobs continue to drive employment expansion, reduction in temporary jobs

The growth in employment in the third quarter of 2018 was driven again by a strong increase in the number of permanent employees (2.7 million compared with the same quarter of the previous year). The long-lasting reduction of the number of self-employed has almost stopped, while for the first time since the second quarter of 2013 the number of temporary employees declined and fell by 300 thousand people compared with the same quarter of 2017. As consequence, this slightly slowed down the overall growth of employment (see Chart 13).

Chart 13: Change in permanent and temporary employment and self-employment – EU, 2012-2018

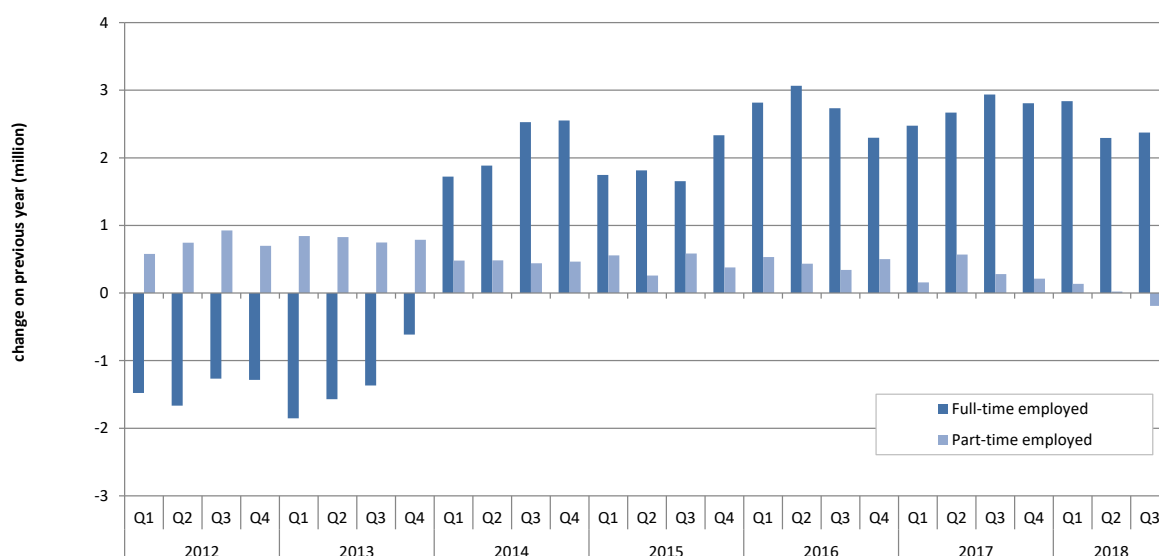


Source: Eurostat, LFS, unadjusted data [lfsq_egaps, lfsq_etgaed]
Note: Age 15-64.
[Click here to download chart.](#)

Full-time employment drives employment growth

In the third quarter of 2018, full-time employment increased by 2.3 million compared with the same quarter of the previous year. Part-time employment decreased for the first time since 2008, by almost 200 thousand people on a yearly basis. There are now around 183 million people employed full-time and 42.5 million part-time employed (Chart 14).

Chart 14: Change in part-time and full-time employment – EU, 2012-2018



Source: Eurostat, LFS, unadjusted data [lfsq_eftpt]

Note: age 15-64

[Click here to download chart.](#)

The employment rate increases in almost all Member States and the EU. It keeps approaching the Europe2020 target although at a slower pace

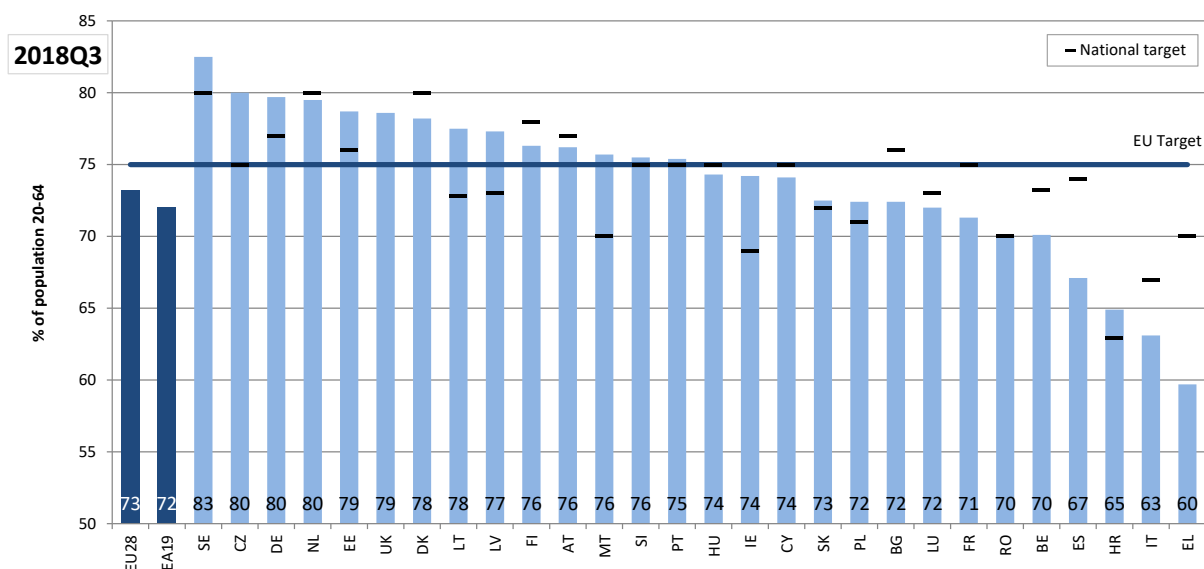
The employment rate for 20-64 year-olds increased constantly in the last years, and reached 73.2 % in the third quarter of 2018, 0.1 pps more than in the previous quarter. It exceeded its low by 5 pps in 2013 and increased by 0.9 pps since the third quarter of 2017. The growth of the employment rate has slightly slowed down and without an acceleration in the coming quarters the Europe 2020 target of 75 % could be slightly missed. The increase in the rate between the last quarters of 2017 and 2016 was for example 1.2 %. For the euro area, the employment rate increased by 1 pp since the third quarter of 2017, and reached 72.0% (see Chart 15 and Chart 16).

In the third quarter of 2018 the employment rate for 20-64 year-olds increased in all Member States but one compared to the previous year. The largest annual increases were recorded in Cyprus (2.7 pps), Malta (2.6 pps) and Finland (2.4 pps), whereas the lowest growth was observed for Estonia (0.1 pps) and the UK (0.4 pps). The employment rate decreased by 0.2 pps in Luxemburg (see Chart 16).

There is still a significant variability across the Member States. In the third quarter of 2018, there was a difference of almost 23 pps between the highest employment rate, 82.5 % in Sweden, and the lowest, 59.7 % in Greece.

The combination of tight labour market in some Member States and lack of growth in other ones is slowing down the pace at which the employment rate rises in the EU as a whole. On the one hand, some Member States with high employment rates, such as Sweden, Czechia or Germany, might have little margin to improve further. On the other hand, in some countries with employment rates below the EU average, such as Italy and France, the employment rate increased by less than 0.8 pps and the respective Europe 2020 targets are still quite distant.

Chart 15: Employment rate – EU, euro area and Member States

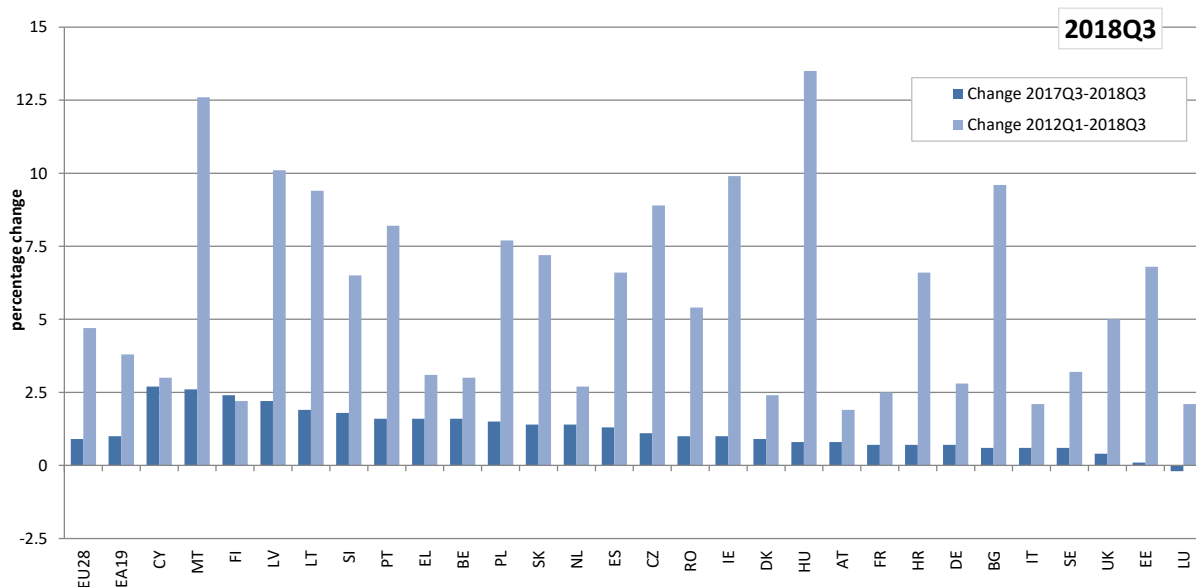


Source: Eurostat, LFS, seasonally adjusted data [lfsi_emp_q]

Note: age 20-64

[Click here to download chart.](#)

Chart 16: Change in employment rate – EU, euro area and Member States



Source: Eurostat, LFS, seasonally adjusted data [lfsi_emp_q]

Note: FR change 2012Q1-2018Q3 estimated based on France (metropolitan)

[Click here to download chart.](#)

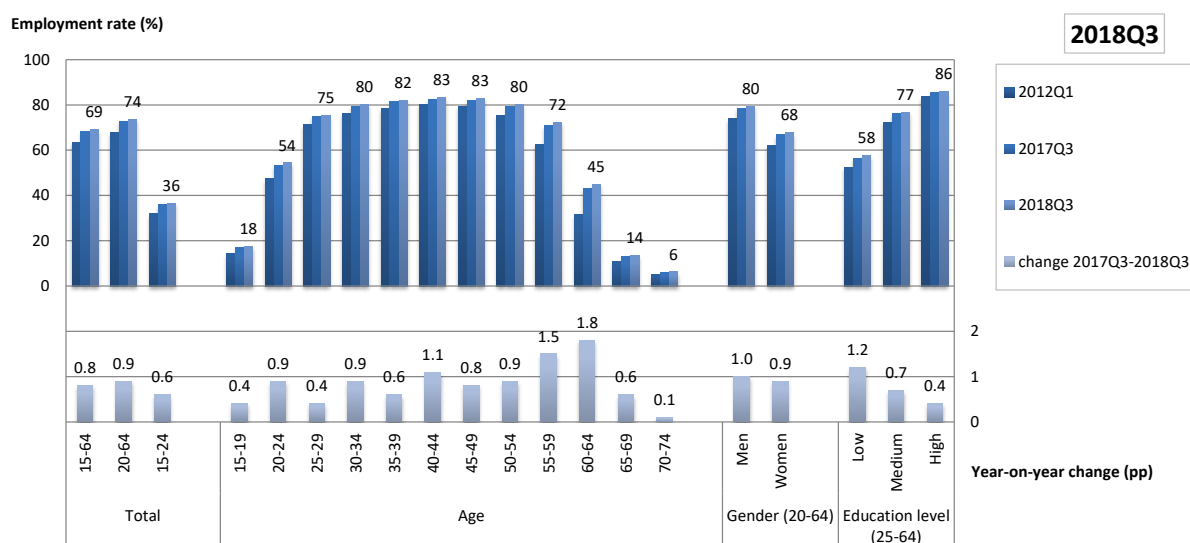
Employment rates improve across all population groups and particularly for older workers

Compared with the same quarter of the previous year, in the third quarter of 2018 the EU employment rate increased for all population groups, and again most noticeably for people aged 60-

64 (1.8 pps). This evolution reinforces the trend observed over the past few years where employment expanded strongly among workers above 55 years. This could be partly due to the effects of recent pension reforms in several Member States⁹.

The employment rate grew at a similar pace for men and women, although slightly more for men. The employment gender gap was 11.9 %, up 0.1 pps from the third quarter of 2017. The employment rate also increased for all education levels, especially among the low-skilled (1.2 pps, see Chart 17).

Chart 17: Employment rate by population groups – EU



Source: Eurostat, LFS, unadjusted data [lfsq_ergaed]
 Top chart: Employment rate (% of respective population). Bottom chart: Change in employment rate (pp).
 Note: Age 15-64, by gender 20-64, by skills 25-64
[Click here to download chart.](#)

⁹ See Pension Adequacy Report 2018

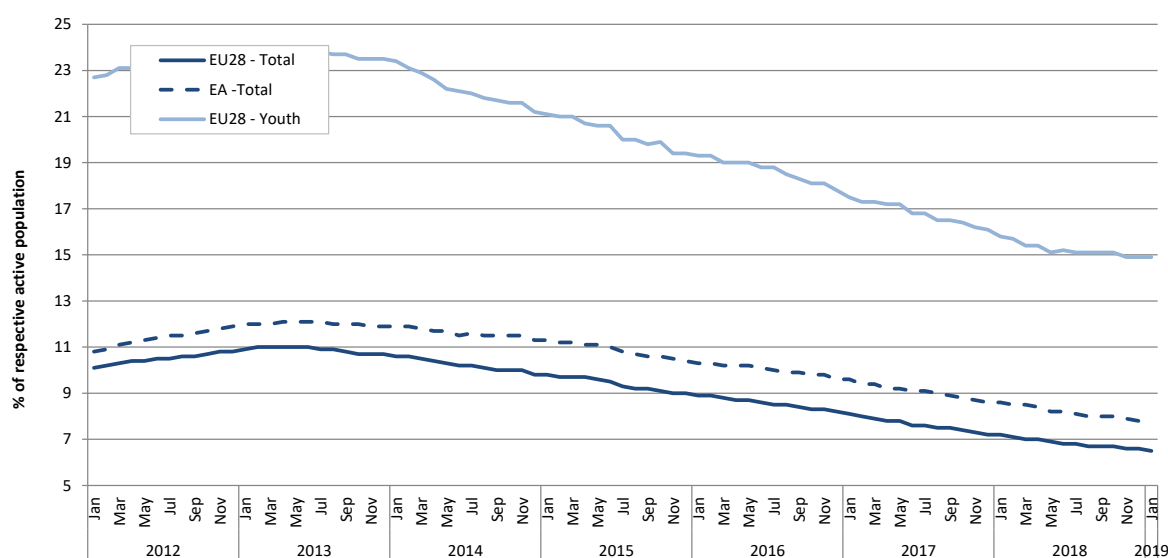
3. Unemployment in the EU and in Member States

Unemployment rates continue to fall

In January 2019, the unemployment rate in the EU and euro area were 6.5 % and 7.8 %, down from the respective levels of 7.2 % and 8.6 % recorded in January 2018. Compared to the previous month the rate for EU fell by 0.1 pps and remained stable in the euro area. The rate in January represents the lowest recorded in the EU since the start of the series by Eurostat in January 2000, and the lowest in the euro area since October 2008. The steady decline in EU and euro area unemployment rates means that they are now respectively 4.5 pps and 4.3 pps lower than the highest levels recorded in 2013 (Chart 18).

In January 2019, 16.2 million people were unemployed in the EU. The decline in the unemployment rate between January 2018 and January 2019 represents about 1.5 million fewer unemployed people in the EU, including 1.2 million in the euro area. Unemployment in the EU has receded by more than 10 million people since its peak observed in April 2013.

Chart 18: Unemployment rate and youth unemployment rate – EU and euro area, 2012–2019



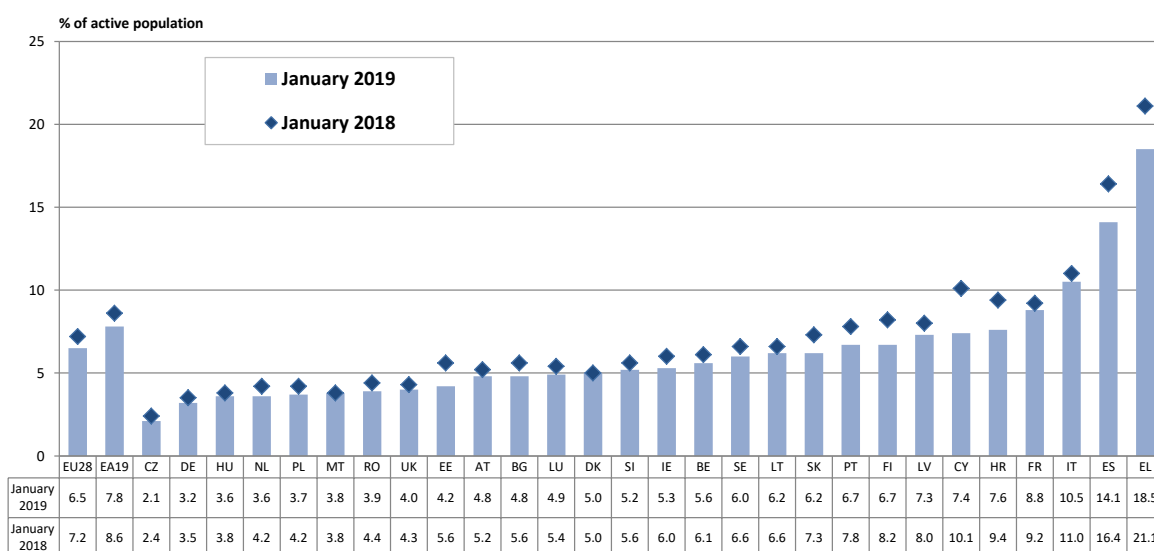
Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
[Click here to download chart.](#)

The unemployment rate declines in almost all Member States ...

In January 2019, compared with a year ago, the unemployment rate decreased in all Member States, except for Denmark and Malta where it remained stable. Cyprus registered the largest reduction by 2.7 pps, down to 7.4 % (Chart 19 and Chart 20). In absolute terms, the greatest reductions compared to January 2019 were achieved in Spain (487 thousand), Italy (144 thousand) and Greece (121 thousand).

Large differences in unemployment rates remain among Member States. In January 2019, the lowest rates were recorded in Czechia (2.1 %, following a yearly decrease of 0.3 pps) and Germany (3.2 %). By comparison, Greece¹⁰ (18.5 %), Spain (14.1 %) and Italy (10.5 %) are the only Member States with an unemployment rate over 10 % (Chart 19).

Chart 19: Unemployment rates – EU, euro area and Member States, 2018–2019



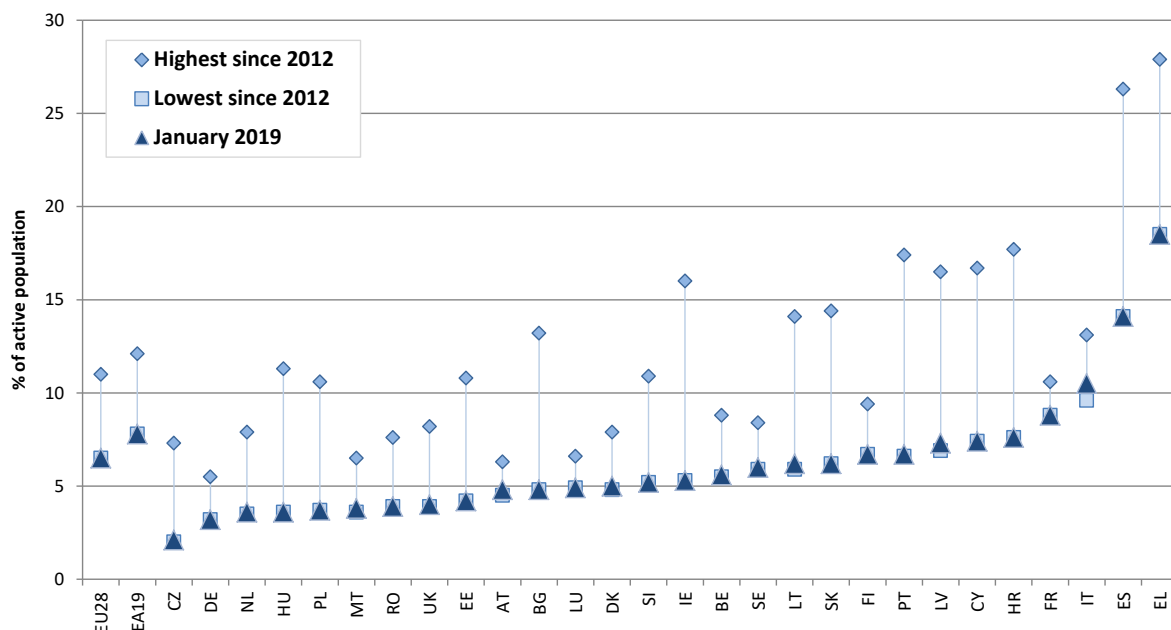
Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]

Note: HU and EE data from December 2017/2018; EL and UK data from November 2017/2018

[Click here to download chart.](#)

¹⁰November 2018

Chart 20: Unemployment rates – EU, euro area and Member States, 2012-2019



Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]

Note: HU and EE data from December 2017/2018; EL and UK data from November 2017/2018

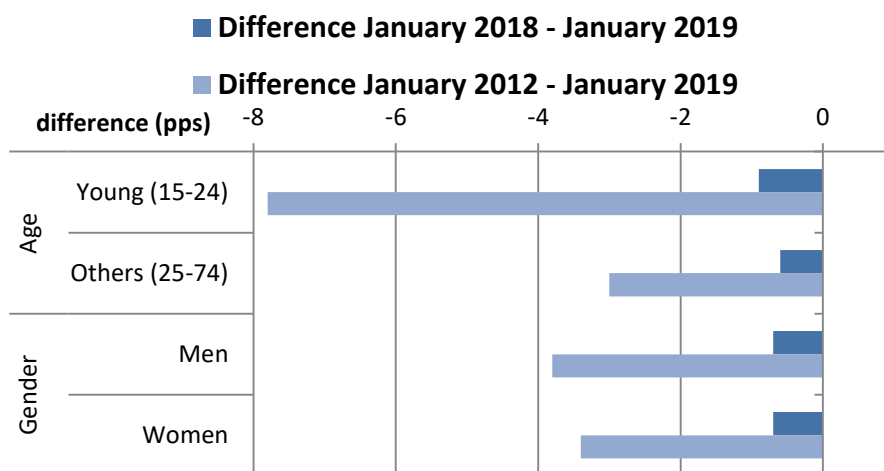
[Click here to download chart.](#)

... and also for all age groups, men and women

In January 2019, compared to the same month of the previous year, the unemployment rate in the EU decreased for all age groups. Also, it fell by 0.7 pps both for men and women, down to 6.3 % for men and 6.8 % for women. In the euro area, the unemployment rate declined by 0.8 pps for both men and women, and reached 7.5 % and 8.2 % respectively.

In January 2019, a decline of 0.9 pps compared with the same month of the previous year was observed in youth unemployment (people aged 15-24), down to a rate of 14.9 % (Chart 21). For those aged 25-74, the unemployment rate in the EU declined by 0.6 pps, down to 5.7 %.

Chart 21: Change in unemployment rate by population groups – EU



Source: Eurostat, series on unemployment and LFS, seasonally adjusted data [une_rt_m]
Click here to download chart.

EU youth unemployment keeps declining in the EU and in most Member States

In January 2019, the unemployment rate of people aged 15-24 (youth unemployment) stood at 14.9 % in the EU, down by 0.9 pps compared to the same month of 2018. In the euro area, it declined by 1.2 pps to reach 16.5 %. These declines represent 184 thousand fewer unemployed people aged 15-24 in the EU, including 141 thousand in the euro area. In January 2019, there were 3.4 million young people unemployed, including 2.4 million in the euro area.

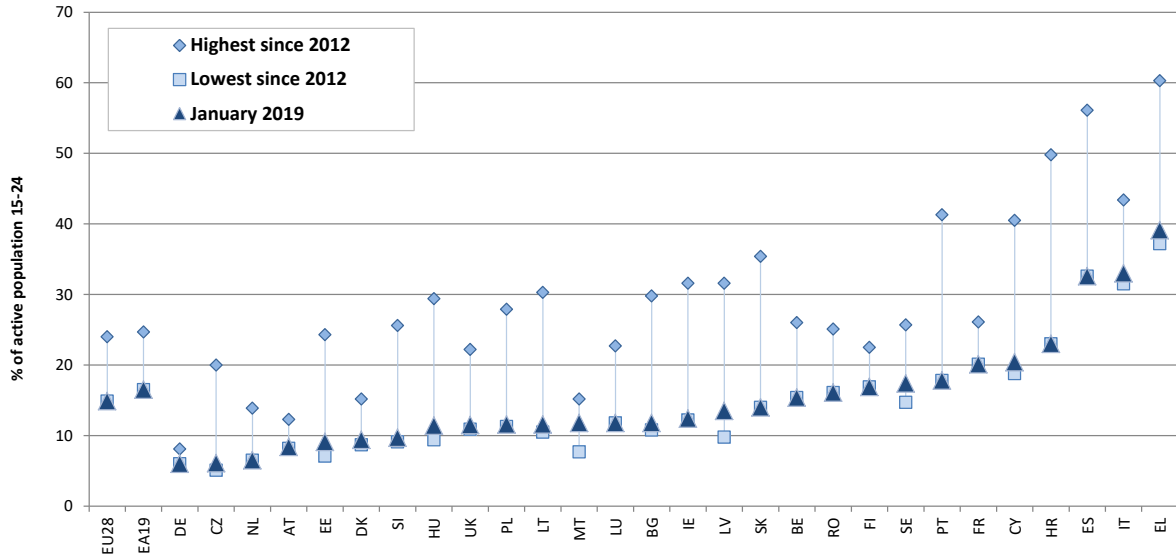
The unemployment rate among young people aged 15-24 fell in most of the Member States in comparison to January 2018, although it increased in Malta (2.5 pps), Estonia (2.0 pps)¹¹, Sweden (1.0 pp), Hungary (0.6 pps)¹² and Italy (0.4 pps). In many of them it is now at the lowest level since 2012, although eleven Member States are at least 1 pp above their respective lowest point. The decrease was more marked in Greece (5.2 pps)¹³, Slovakia (3.9 pps), Portugal (3.6 pps) and Spain (3.5 pps). In spite of the decrease compared to a year ago, youth unemployment in Greece has picked up in the last months and the country continues to have the highest rate in the EU (39.1 % in November from 37.2% in August 2018). Italy (33.0 %) overtakes Spain (32.6 %) for the second highest rate. By contrast, the youth unemployment rate is the lowest in Germany (6.0 %) and Czechia (6.1 %) and the Netherlands (6.5 %, see Chart 22).

¹¹ December 2018

¹² December 2018

¹³ November 2018

Chart 22: Youth unemployment rates - EU, euro area and Member States



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

Note: RO data from September 2018; UK and EL data from November 2018; CY, SI, HU, EE, BE and HR data from December 2018

[Click here to download chart.](#)

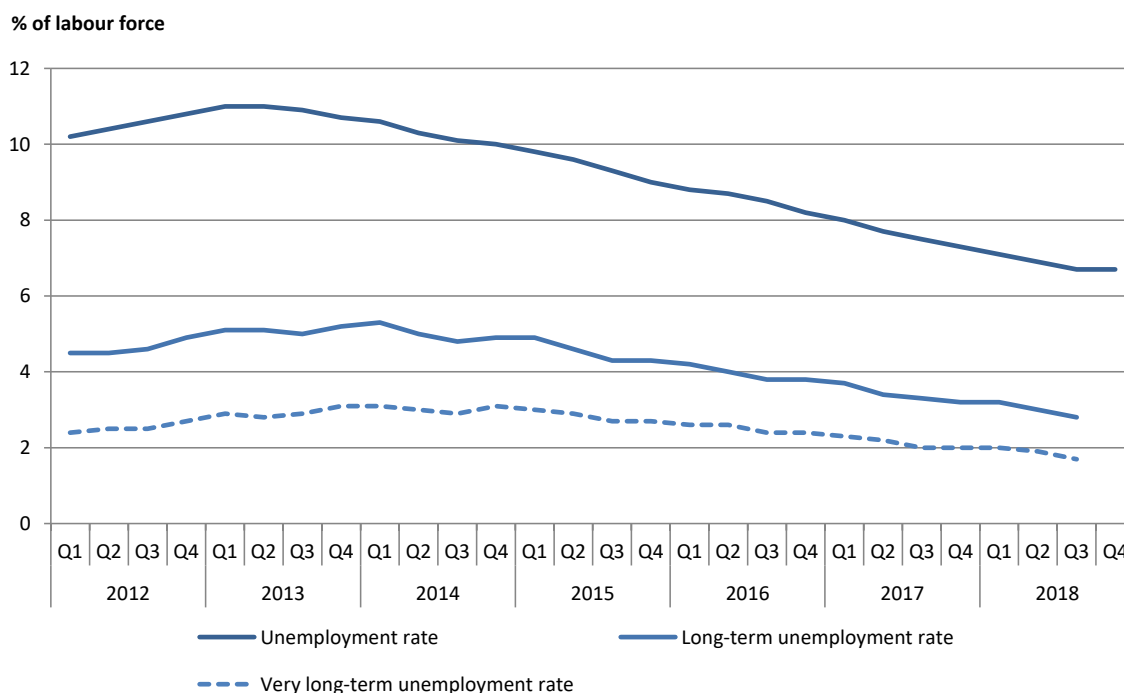
4. Long-term unemployment and additional potential labour force

Long and very long-term unemployment continues decreasing

Long-term unemployment (which captures people in unemployment for a year or more) decreased by 0.5 pps in the third quarter of 2018, compared with the same quarter of the previous year. The rate went down to 2.8 %, and was for the first time since the second quarter of 2009 below 3.0 % of the labour force (Chart 23), following a constant decrease that lasts since the first quarter of 2014. At the same time, the very long-term unemployment rate (which captures people in unemployment for at least two years) decreased by 0.3 pps, down to 1.7 % of the labour force.

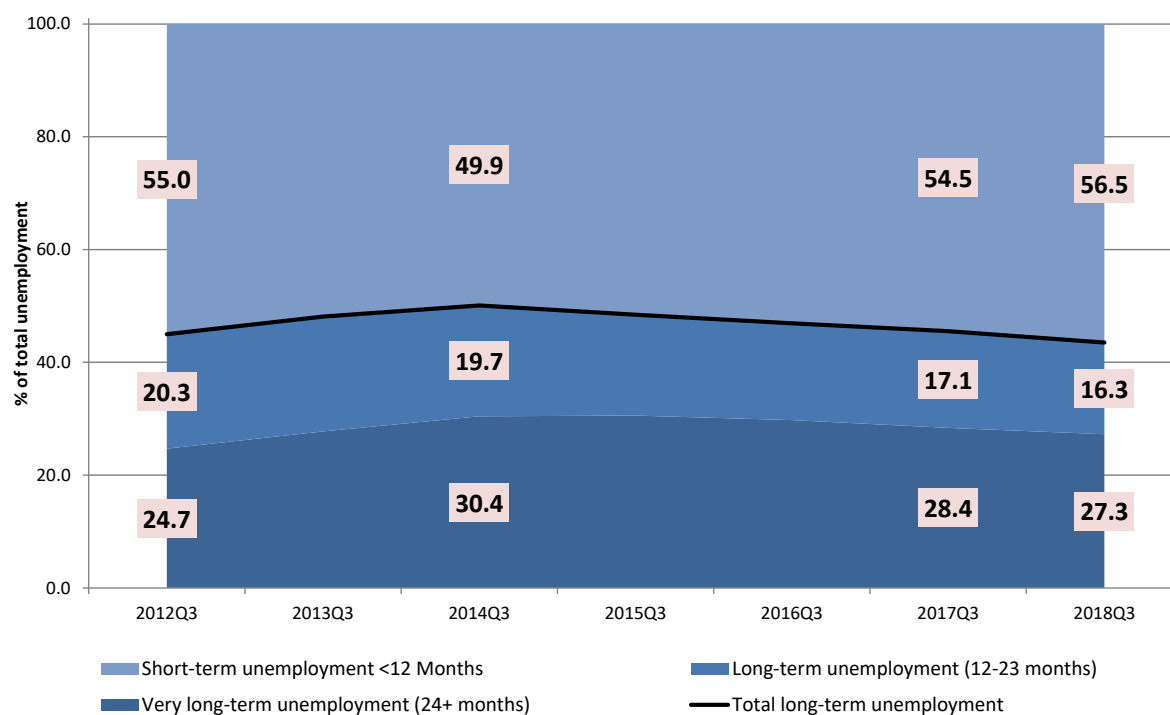
In the third quarter of 2018, there were around 6.9 million people in unemployment for more than a year in the EU, of whom 4.3 million for more than two years. This represents 1.2 million fewer people in long-term unemployment than in the third quarter of 2017, as well as 725 thousand less in long-term unemployment. The share of long-term unemployed in total unemployment remains high, at around 43.6 % (Chart 24), although in a declining trend.

Chart 23: Unemployment, long-term unemployment and very long-term unemployment rates in the EU, 2012-2018



Source: Eurostat, LFS, unadjusted data [une_rt_q, une_ltu_q]
[Click here to download chart.](#)

Chart 24: Unemployment by duration of unemployment in the EU, 2012-2018



Source: Eurostat, LFS, unadjusted data [lfsq_ugad]

Note: Data for first quarter of each year

[Click here to download chart](#)

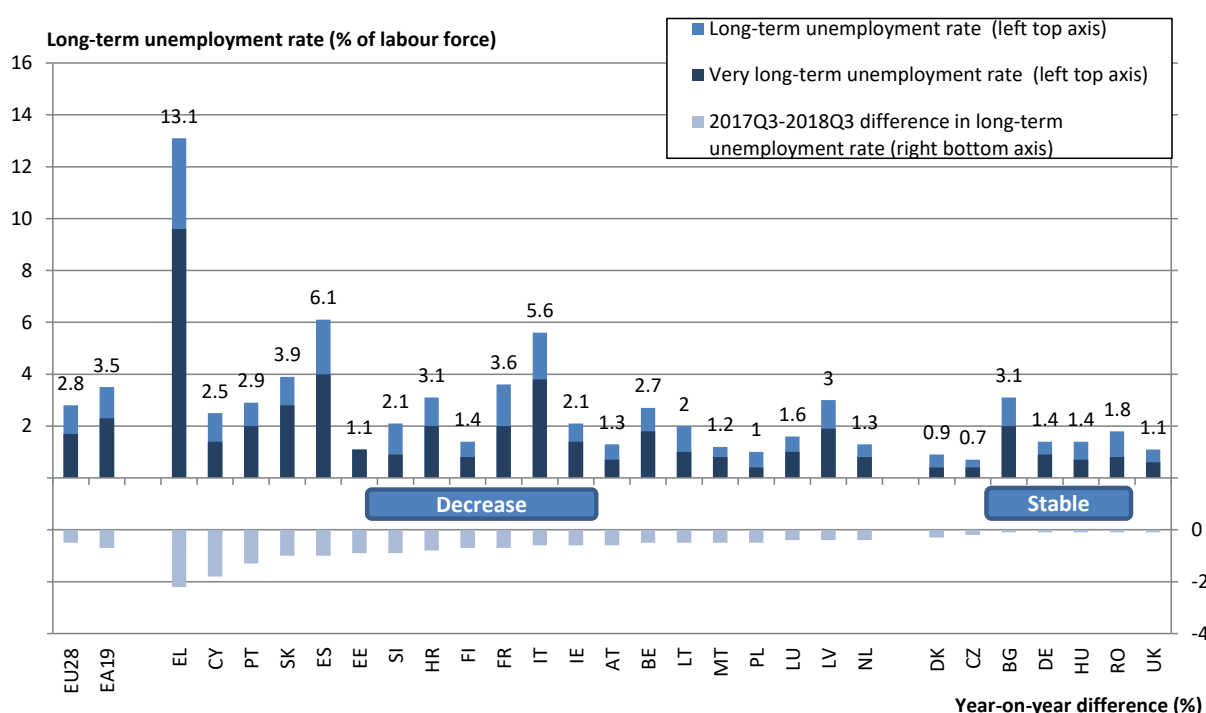
Long-term unemployment decreases in all Member States

In the third quarter of 2018, long-term unemployment declined in all Member States compared to the same quarter of the previous year, except for Sweden where it remained stable. The largest reduction occurred in Greece (2.2 pps) and Cyprus (1.8 pps) (Chart 25).

Greece, however, continued by far to display the highest rates of both long-term unemployed and very long-term unemployed (13.1 % and 9.6 % of the labour force, respectively), followed by Spain (6.1 % and 4.0 %, respectively) and Italy (5.6 % and 3.8 %, respectively).

Greece also showed the highest share of long-term unemployment (69.5 % of its total unemployment), followed by Slovakia at 62.8 %.

Chart 25: Long-term unemployment rate - EU, euro area and Member States, level and change, 2017-2018



Source: Eurostat, LFS, unadjusted data [une_ltu_q]

Note: 2018Q2 VLTU data for Estonia

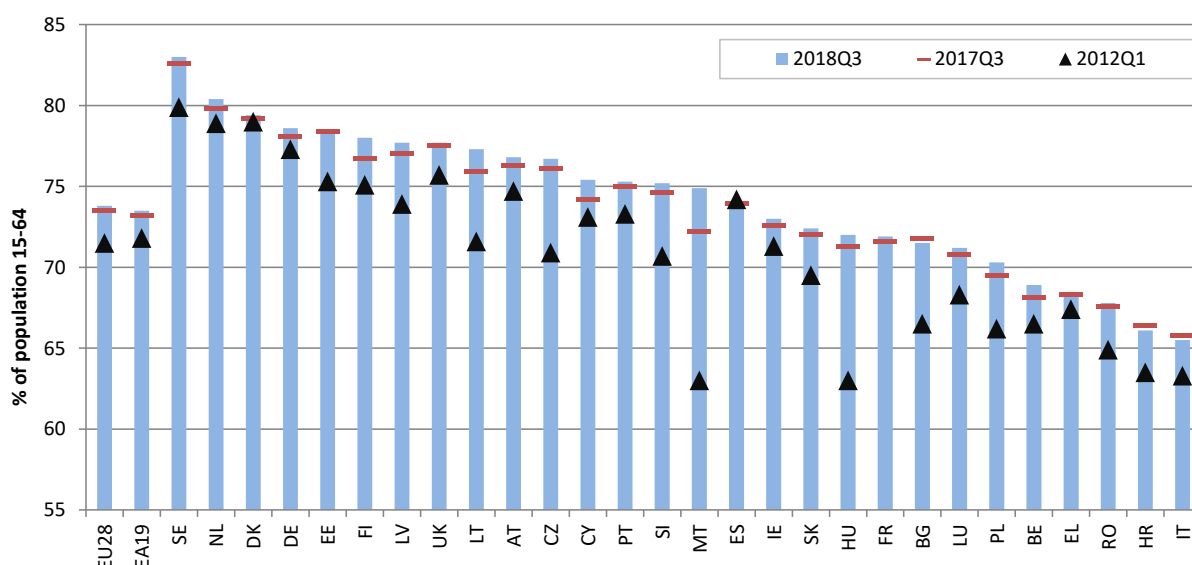
[Click here to download chart.](#)

Active population in the EU remains stable

The activity rate in the EU, for the 15 to 64 age group, remained stable at 73.8 % of the EU population in the third quarter of 2018 (Chart 26). This is 0.3 pps higher than in the third quarter of 2017 while it did not change from the second quarter of 2018.

In the third quarter of 2018, most Member States registered an increase in their activity rates compared with the same quarter of the previous year (Chart 26). The Member States that experienced the strongest increases were Malta (2.7 pps), Lithuania (1.4 pps) and Finland (1.3 pps). On the other hand, the activity rate decreased in Croatia, Italy, Bulgaria (-0.3 pps), and Spain (-0.2 pps). Italy and Croatia are also the countries with the lowest activity rates in the EU (65.5 % and 66.1 %).

Chart 26: Activity rate - EU and Member States



Source: Eurostat, LFS, seasonally adjusted data [lfsi_act_q]

Note: FR only metropolitan data for 2012Q1

[Click here to download chart.](#)

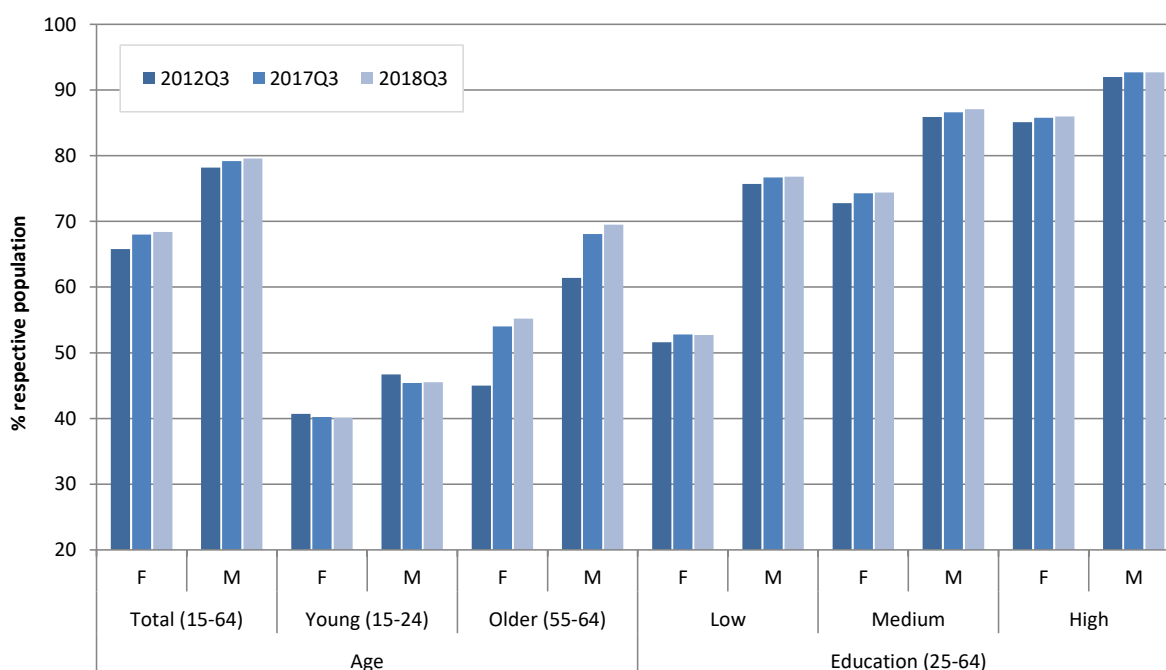
Increases in the activity rate of older people are still important, stagnant for younger people

The increase in the activity rate of older people, i.e. those aged between 55 and 64 years, remains the main driver of the rise of the activity rate all over the EU. In the third quarter of 2018, their activity rate increased by 1.4 pps compared with the same quarter of the previous year. The increase was stronger for women than for men (1.2 pps for women and 1 pp for men). Compared with the same quarter of the previous year, the activity rate for younger workers remained stable at 42.9% (Chart 27). The rate is 0.9 pps lower than the one recorded in the same quarter in 2012.

The activity rates of people (age group 25-64 years) with different educational attainments increased at a similar pace between the third quarter of 2017 and 2018, although the rate for women with lower education decreased their participation rate by 0.1 pps.

The gender gap in activity rates has remained stable or slightly worsened for the majority of demographic groups between the third quarter of 2017 and 2018. It is still very high notably among people with lower educational attainments (24.1 pps) and older people (14.3 pps).

Chart 27: Activity rate by population groups – EU



Source: Eurostat, LFS, unadjusted data [lfsq_argaed]
Click here to download chart.

The number of people 'available to work but not seeking' and 'underemployed' decreases

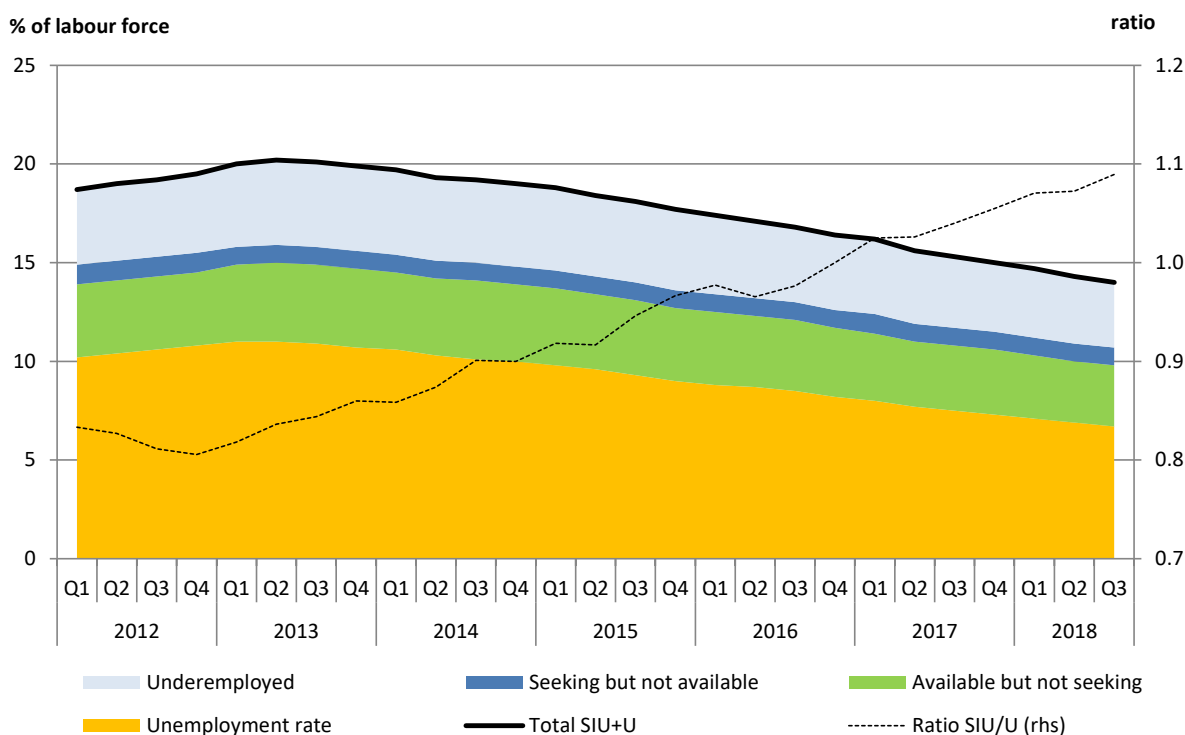
Three supplementary indicators to unemployment are used to monitor the evolution of underemployment and the potential additional labour force. These three indicators are: 'Available for work but not seeking', 'Underemployed' and 'Seeking but not available for work'. These indicators

are measured as a percentage of the labour force, i.e. the active population. They are also called supplementary indicators to unemployment (SIU)¹⁴.

The proportion of workers in the EU who are 'Available to work but not seeking' (which includes the so-called category of 'discouraged') stood at 3.1 % of the labour force in the third quarter of 2018, the lowest level of the last ten years. This rate decreased by 0.2 pps compared to the same quarter of the previous year. 'Underemployment', i.e. the proportion of those who would like to work additional hours and are available to do so, decreased by 0.1 pps and represented 3.3 % of the labour force, the lowest rate since the second quarter of 2008. The rate of those 'Seeking but not available for work' stood at 0.9 % of the labour force in the third quarter of 2018, and has not changed since the first quarter of 2017.

The sum of the reductions in these three indicators amounts to 0.5 % of the labour force on a yearly basis, adding to the positive developments in unemployment and long-term unemployment (Chart 28). The ratio between the sum of the supplementary indicators to unemployment and actual unemployment, which represents the importance of the potential additional labour force in relation to unemployment, rose to 1.09. This is due in particular to the fact that actual unemployment is declining faster than the potential additional labour force.

Chart 28: Unemployment, potential labour force and underemployment – EU, 2012-2018



Source: Eurostat, LFS, seasonally adjusted data [une_rt_q, lfsi_sup_q]

Note: SIU stands for the Supplementary Indicators to Unemployment; they represent the potential additional labour force. U = Unemployment

[Click here to download chart.](#)

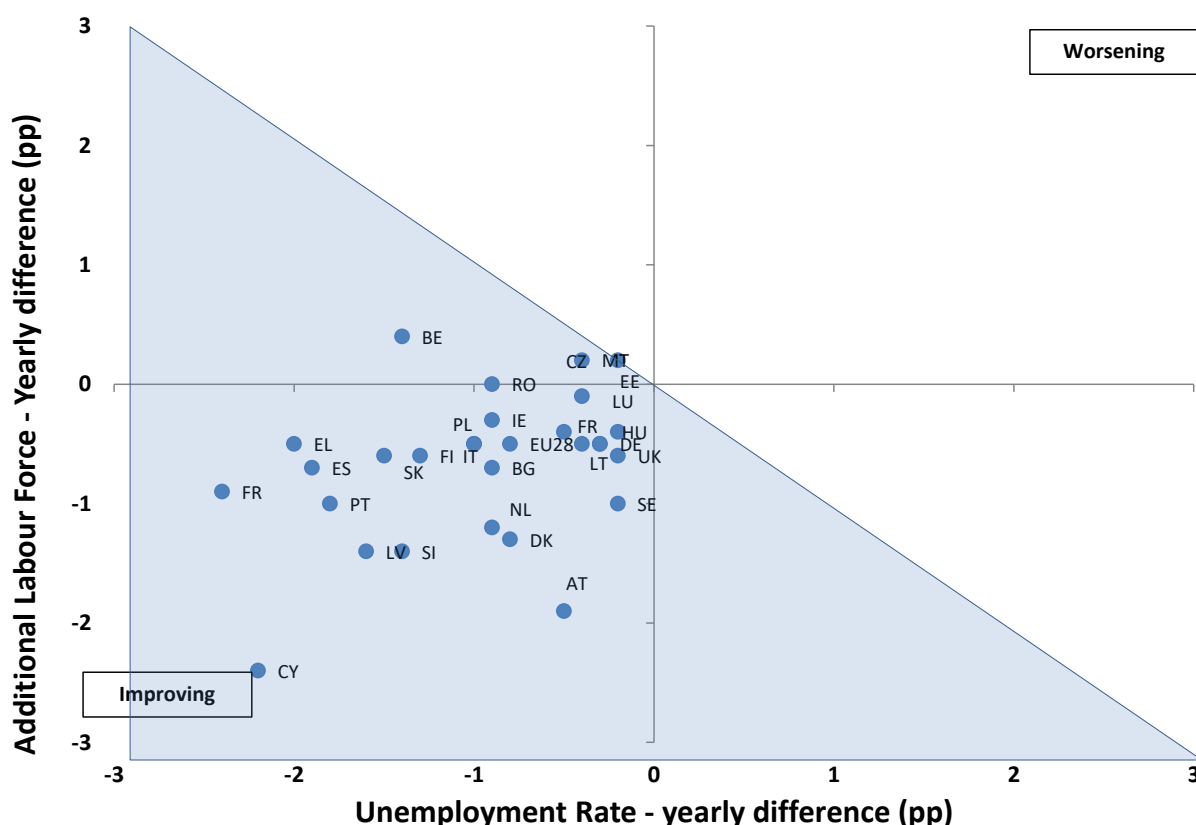
¹⁴ See: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Underemployment_and_potential_additional_labour_force_statistics

All indicators point to labour markets improvements for all Member States

The labour market performance should be assessed not only by trends in employment and unemployment but also by changes in activity rates and in indicators of the potential labour force. Together, these indicators can be used to analyse the extent to which Member States are able to mobilise their working-age population.

In the third quarter of 2018, compared with the same quarter of the previous year, reductions in unemployment came together with decreases in supplementary indicators in most Member States (Chart 29). For Estonia, Malta, and Belgium a fall in unemployment took place in parallel with a rise in the supplementary indicators to unemployment, but the decrease on a yearly basis in the unemployment rate was still higher.

Chart 29: Unemployment vs. supplementary indicators to unemployment (SIU) - EU Member States, differences 2017Q3-2018Q3



Source: Eurostat, LFS, seasonally adjusted data [une_rt_q, lfsi_sup_q]
 Note: No data for "Seeking but not available" for MT, RO
[Click here to download chart.](#)

5. Income and financial situation of households

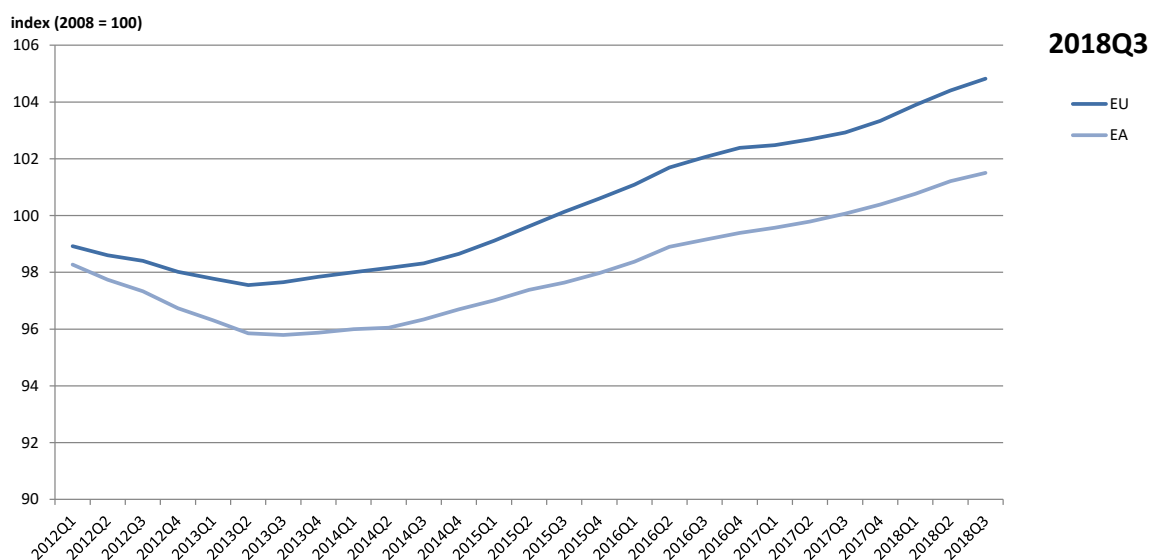
Financial situation of EU households continues to improve

In the third quarter of 2018, the real per capita gross disposable household income (GDHI) continued to grow¹⁵. In the EU, real GDHI has been growing for 21 consecutive quarters and it is now 4.8 % higher than in 2008 and 1.9 % higher than in the same quarter of 2017. On the other hand, in the euro area, the growth pace remains slower: real per capita gross disposable household income has been growing for 20 consecutive quarters, but it is still only 1.5 % higher than in 2008 and 1.4 % higher than the third quarter of 2017 (Chart 30).

Developments of GDHI per capita varies across the EU

In the third quarter 2018, real GDHI per capita grew on a yearly basis in all Member States for which data are available, with the exception of France (Chart 32). The pace of GDHI growth has been however very uneven, with rates above 4 pps for Romania, Poland, Czechia and Austria, whereby Portugal, Belgium and Italy had increases below 1 pp, and France a decrease of 0.1 pps. Some Member States still have levels of real GDHI below the 2008 average, but considering that the data are not seasonally adjusted a more comprehensive analysis can be carried out only when the figures for the last quarter of 2018 will be available.

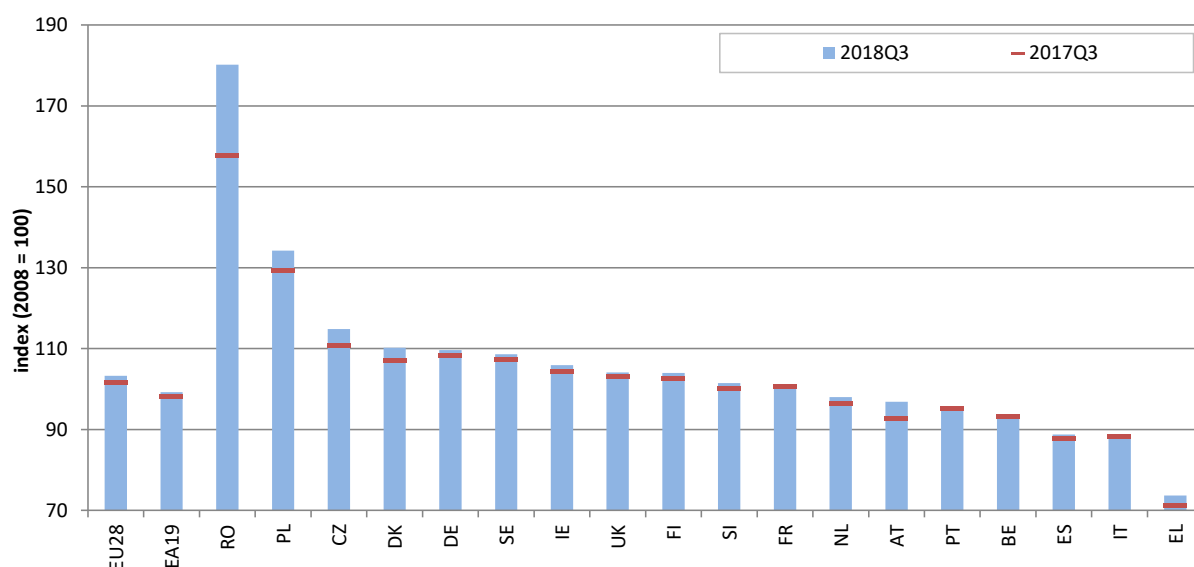
Chart 30: Real GDHI per capita - EU and Euro Area (index 2008 = 100), 2012-2018



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
Note: GDHI EU aggregate for Member States for which data are available. Moving averages over 4 last quarters.
[Click here to download chart.](#)

¹⁵ The real GDHI growth for the EU is an estimation by DG EMPL based on Member States for which quarterly data are available (19 Member States: AT, BE, CZ, DE, DK, EL, ES, FI, FR, HR, IE, IT, NL, PL, PT, RO, SE, SI, UK, which account for at least 90 % of EU GDHI). The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is a weighted average of real GDHI growth in Member States.

Chart 31: Real GDHI per capita – EU, EA and Member States (index 2008 = 100)

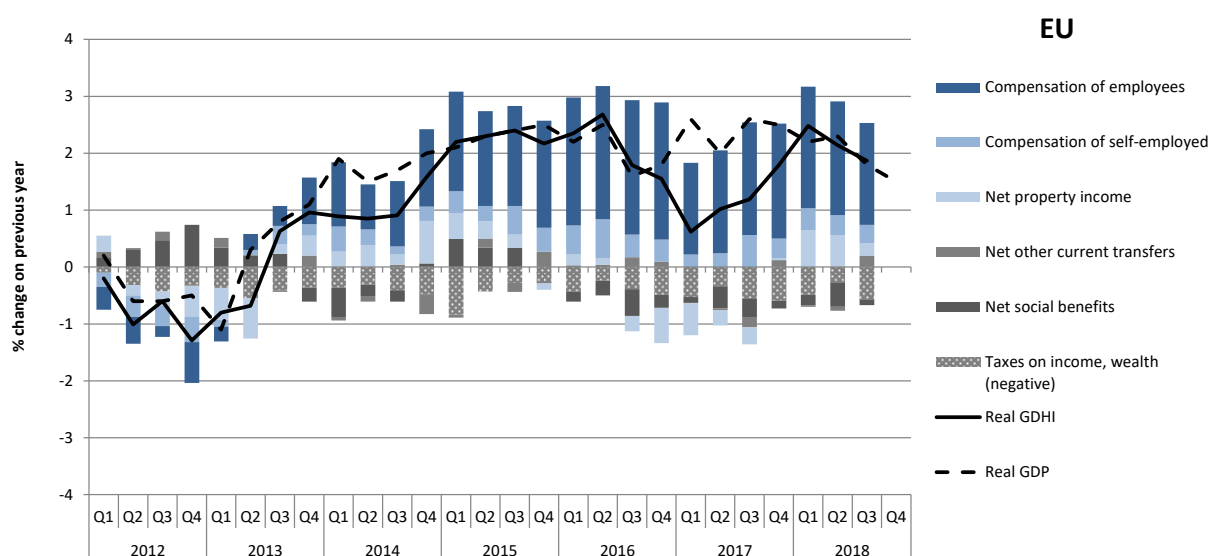


Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
Note: GDHI EU and EA aggregates for Member States for which data are available.
[Click here to download chart.](#)

Households benefit from higher income from work

On average in the EU, the growth of real gross disposable household income (GDHI) has slightly slowed down from the high rates recorded in the first half of 2018. In the third quarter of 2018, yearly GDHI growth reached 1.9 %. Income from work continued driving this growth in GDHI, with a yearly growth of 1.8 % in the compensation of employees. The growth of GDHI has been recently consistent with the developments of GDP, and therefore a further reduction in the growth rate could be expected in the last quarter of 2018.

Chart 32: Real GDP growth, real GDHI growth and its main components, 2012-2018



Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, nasq_10_nf_tr] (DG EMPL calculations)
Note: GDHI EU aggregate for Member States for which data are available, GDP for EU28.
Click here to download chart.

Fewer people have troubles to cover current expenditure

Financial distress¹⁶ is defined as the need to draw on savings or to run into debt to cover current expenditures, based on personal perceptions. It has gradually declined in February 2019 to 12.7 % of the population from its historically high level of nearly 17 %, recorded in early 2014 (Chart 33). Compared to the same month in 2018, the indicator fell by 0.7 pps. However, this drop was not uniform across the Member States and population groups, as discussed below.

Financial distress for low-income households is stable, decreasing for wealthiest quartiles

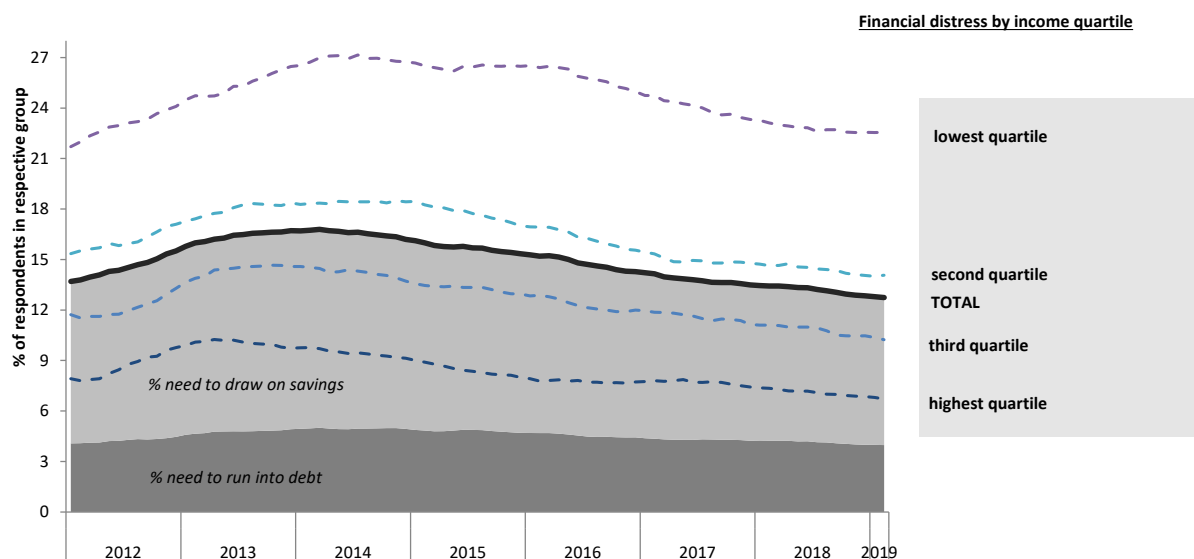
Financial distress for low-income (lowest quartile) households has been stable for the last eight months at around 22.6 %, 0.5 pps less than in February 2018 (Chart 33). By comparison, for the wealthiest quartile financial distress stood at 6.7 %, a reduction of 0.6 pps on a yearly basis, and for the third quartile the reduction was even more pronounced (0.9 pps to a level of 10.2 %).

Financial distress eases in most of the Member States but strong variations persist

The overall level of financial distress for households in the lowest income quartile also remained stable or decreased in the majority of Member States in the fourth quarter of 2018, compared with the same quarter of the previous year. However, it was on a rise in several countries and most notably in Belgium (9.9 pps), Malta (6.4 pps), Bulgaria (5.7 pps), Luxembourg (4.9 pps) and Latvia (3.9 pps). Levels of financial distress differs highly from one Member States to another, with France and Belgium above 30 % (37.1 % and 34.0 % respectively) and Estonia (4.4 %), Sweden and Germany below 10 % (Chart 34).

¹⁶ For details on Business and Consumer Surveys, including consumer survey's question on the current financial situation of households, see http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm

Chart 33: Reported financial distress by income quartile – EU, 2012–Feb 2019

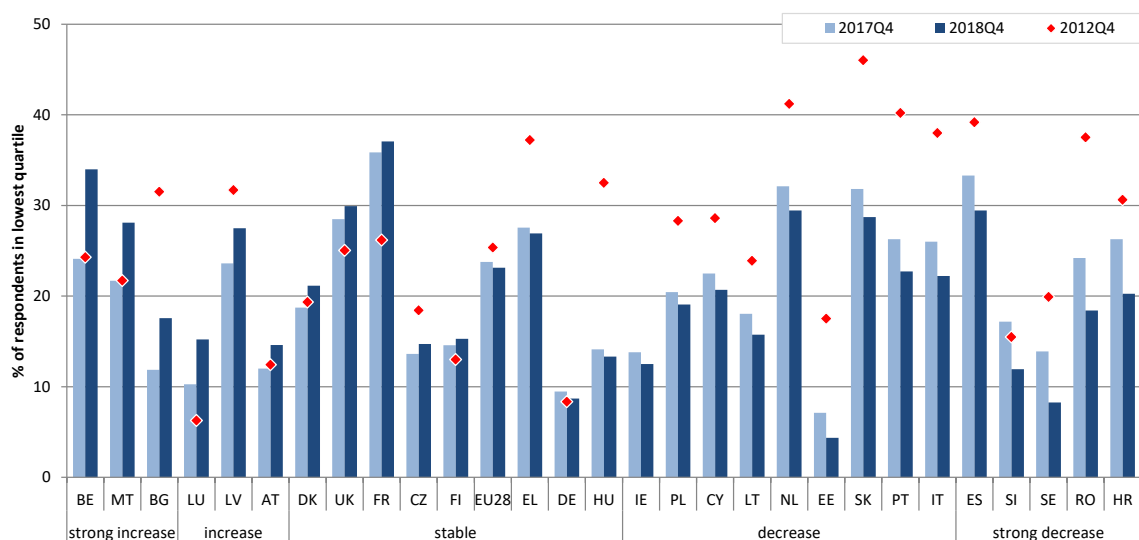


Source: European Commission, Business and Consumer Surveys, unadjusted data, 12-months moving average (DG EMPL calculations)

Note: Horizontal lines show the long-term averages for financial distress for the population as a whole and for households in the four income quartiles. The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.

[Click here to download chart.](#)

Chart 34: Reported financial distress in lowest income quartile – Member States



Source: European Commission, Business and Consumer Surveys, unadjusted data (DG EMPL calculations)

Note: No data for IE

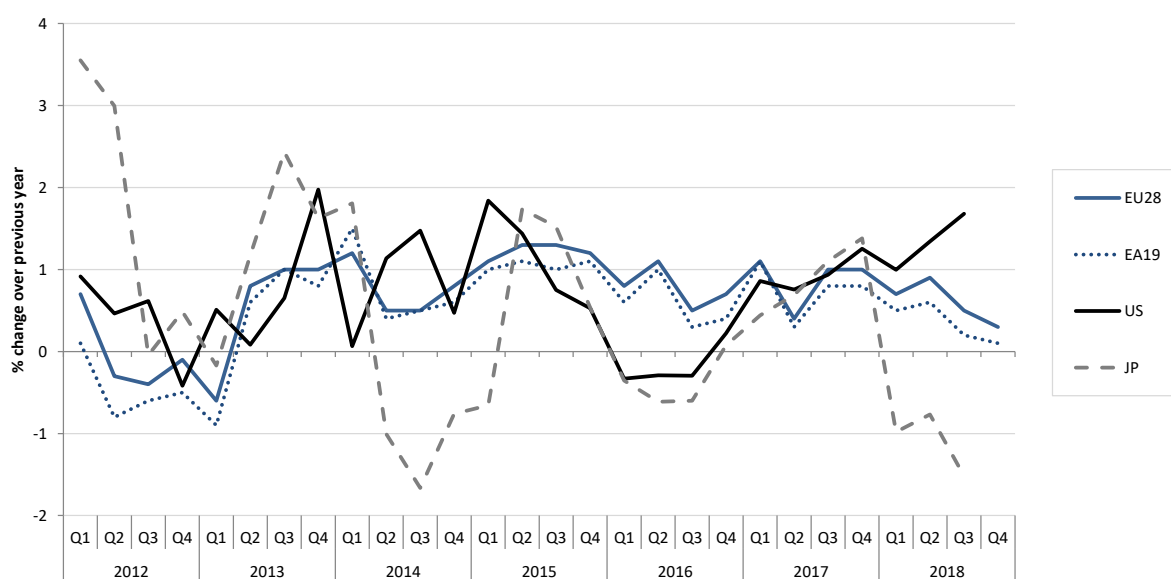
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6. Productivity and labour costs

Growth in labour productivity in the EU remains modest

The growth of labour productivity, as measured by output per worker, has been slowing down in the past years both in the EU and in the euro area. Year-on-year productivity growth was at 0.3 % in the EU as a whole and at 0.1 % in the euro area in the fourth quarter of 2018. The US labour productivity grew at a much higher pace, which reached 1.7 % in 2018 Q3. On the other hand Japan registered a significant decline of -1.5 % in the same quarter (Chart 35).

Chart 35: Real labour productivity growth – EU, euro area, US and JP, 2012-2018



Source: Eurostat, National Accounts [namq_10_lp_ulc], unadjusted data, seasonally adjusted data for US and JP
Note: Labour productivity measured as GDP in constant prices per employed person
[Click here to download chart.](#)

Productivity increase made a smaller contribution to economic growth than employment growth

Total output growth can be broken down into developments in the number of workers and output per worker. In about two thirds of Member States the year-on-year productivity growth registered in 2018 Q4 was positive. However, while in just about a third of the Member States productivity growth is greater than the growth of employment, in most Member States and in the EU as a whole the majority of GDP growth is attributable to the increasing number of workers, whereas gain in productivity played a less important role (Chart 36).

Chart 36: GDP, employment and labour productivity growth – EU, euro area and Member States



Source: Eurostat, National Accounts, unadjusted data [namq_10_pe, namq_10_gdp]

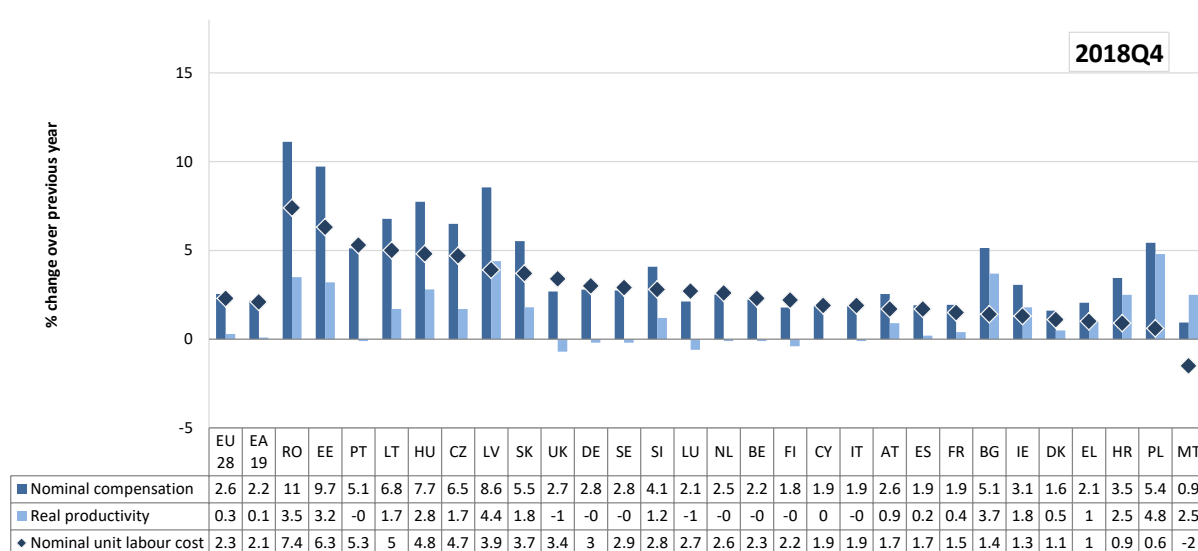
Note: Labour productivity is measured as GDP per employed person. Data for BG, CY, HR, EL, LU and MT refer to 2018 Q3.

[Click here to download chart.](#)

Compensation per employee is growing in the EU

Following a brief decline in 2016, nominal compensation per employee has been growing from the first quarter of 2017. The rate of growth registered in 2018 Q4, as compared to the same period of the previous year, was 2.6 % in the EU and 2.2 % in the euro area, the highest values since 2015. This growth rate can be broken down into two components: a positive productivity growth (see above), and an increase in nominal unit labour costs at 2.3 % in the EU and 2.1 % in the euro area. Nominal compensation per employee (as measured in national currency) grew in all EU Member States. Romania, Estonia and Hungary recorded a strong growth (7 % or more). Nominal unit labour costs (a measure of cost-push inflationary pressures) have been steadily increasing in the past two years. Romania, Estonia, Portugal and Lithuania recorded a rise above 5 %, increases. Malta saw a decrease, as productivity growth was stronger than the growth in compensation per employee (Chart 37).

Chart 37: Growth in nominal labour compensation and its components – EU, euro area and Member States



Source: Eurostat, National Accounts, unadjusted data [namq_10_lp_ulc, namq_10_pe, namq_10_gdp] (DG EMPL calculations)

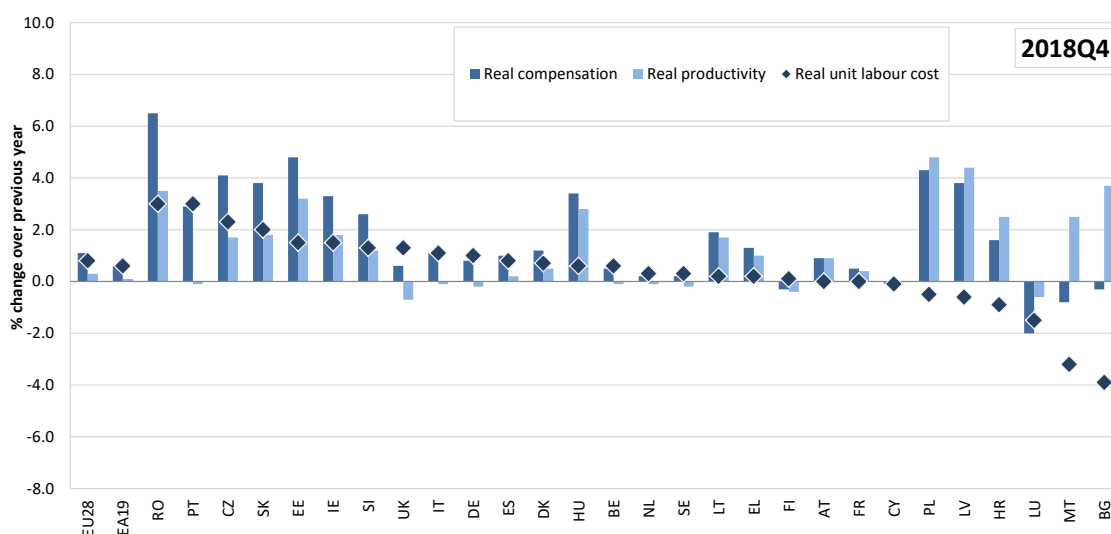
Note: Labour productivity is measured as GDP per employed person. Data for BG, CY, EL, IE, HR, LU, MT, NL, PL refers to 2018 Q3.

[Click here to download chart.](#)

Real unit labour costs increases slightly in the EU

In the fourth quarter of 2018, real unit labour costs (measuring the gap between real compensation per employee and labour productivity, which is also a measure of the labour income share) increased by 0.8 % in the EU and by 0.6 % in the euro area compared with the same quarter of the previous year. Romania and Portugal saw the strongest (above 3 %) increase as real compensation per employee rose, sharply overtaking productivity growth and leading to a higher increase in the real unit labour cost. On the other hand, real unit labour costs fell in seven Member States, and Bulgaria and Malta experienced a decrease of more than 3 % (Chart 38).

Chart 38: Growth in real unit labour cost – EU and Member States



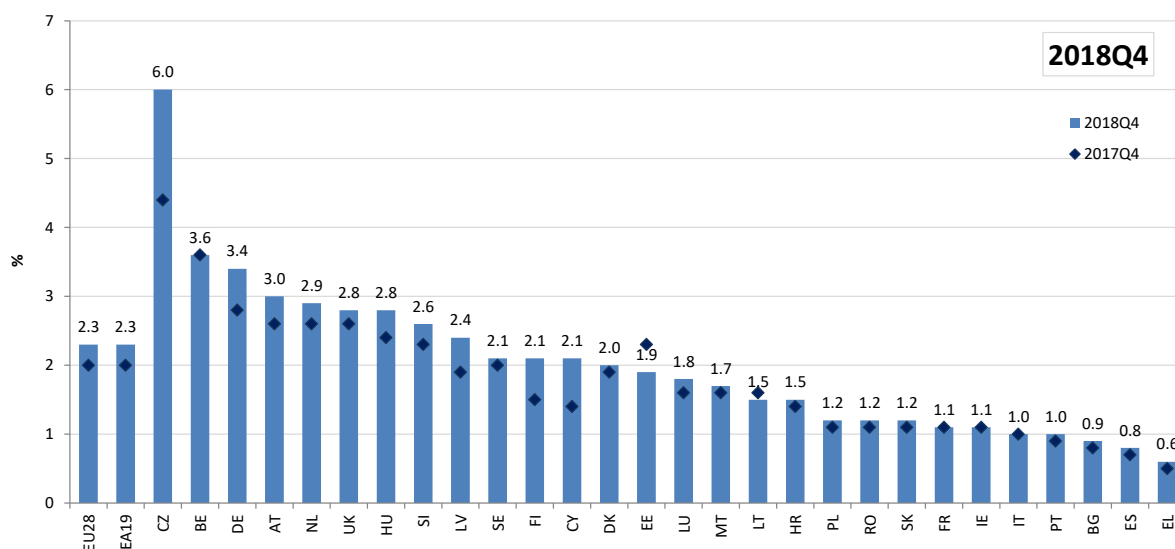
Source: Eurostat, National Accounts, unadjusted data [namq_10_lp_ulc, namq_10_gdp] (DG EMPL calculations)
 Note: Data for BG, CY, EL, HR, IE, LU, MT, NL and PL refer to 2018 Q3
[Click here to download chart.](#)

7. Labour demand: vacancies, labour shortages and hiring activity

The job vacancy rate remains at record high

The unmet demand for labour, as expressed by the job vacancy rate¹⁷ has been broadly rising since end-2014 in the EU. It stands at 2.3 % both in the EU as a whole and in the euro area as of the fourth quarter of 2018¹⁸. These are the highest values registered since 2006. The figures reflect an increase of 0.3 pps from the values registered a year earlier, but stagnation since 2018 Q1. The job vacancy rate ranged from 0.6 % in Greece to 6.0 % in Czechia. The job vacancy rate increased in most Member States year-on-year (Chart 39), with the highest increase being recorded in Czechia (+1.6 pps). By contrast, it decreased slightly in Estonia.

Chart 39: Job vacancy rates – EU, euro area and Member States



Source: Eurostat, Job Vacancy Statistics, unadjusted data [jvs_q_nace2]

Note: NACE Rev 2 sections B to S covered. DK: sections B to N; FR, IT, MT: business units with 10 or more employees. Data for all Member States (except CZ, DE, ES, NL, RO and UK) refer to 2018 Q3 and to 2017 Q3. Click here to download chart.

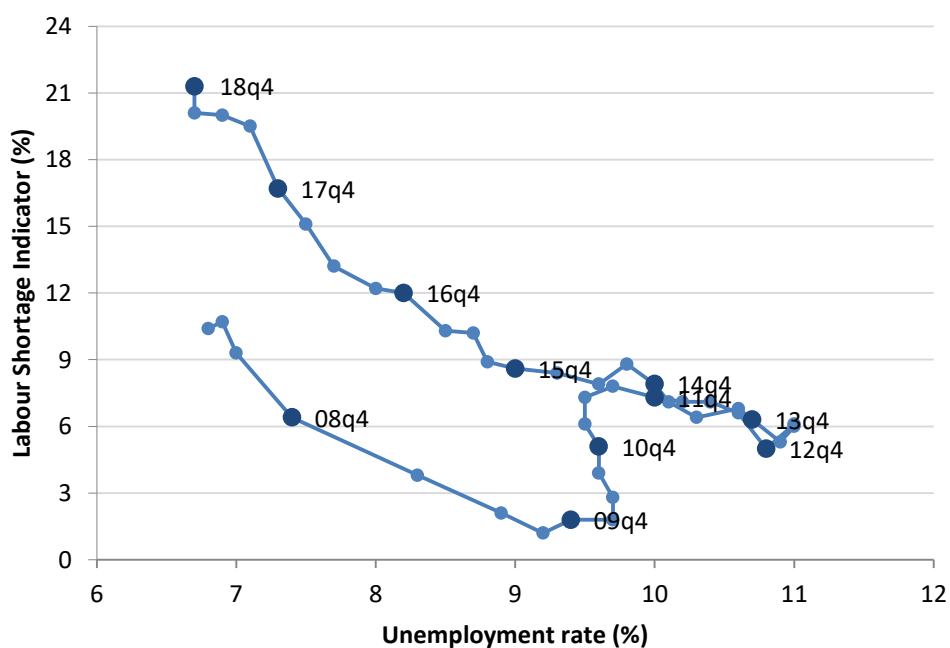
¹⁷ The Job Vacancy rate is number of job vacancies divided by the sum of occupied posts and job vacancies.

¹⁸ While EU and EA averages are available for 2018 Q3, the latest observation is 2018 Q3 for most individual Member States.

Labour shortages increase while unemployment recedes

In the fourth quarter of 2018, unemployment further declined and labour shortages continued to intensify in the EU (Chart 40). The Beveridge curve, which plots the unemployment rate against an indicator of unfilled jobs, did not show a change in trend. The indicator presented here is published as part of the EU Business and Consumer Surveys¹⁹. It reflects to what extent businesses see the availability of labour as a factor that limits production. The current value is the highest recorded since 1982, when the indicator was first published, indicating that at the EU level, labour shortages are seen as a drag on economic growth to an unprecedented degree. However, the indicator varies widely between countries. The Statistical Annex presents the Beveridge curves for EU Member States.

Chart 40: Beveridge curve – EU, 2008-2018



Source: Eurostat, LFS and European Commission, Business and Consumer Surveys [une_rt_q, ei_bsin_q_r2]

Note: Labour shortage indicator derived from EU business survey results (% of manufacturing firms pointing to labour shortage as a factor limiting production)

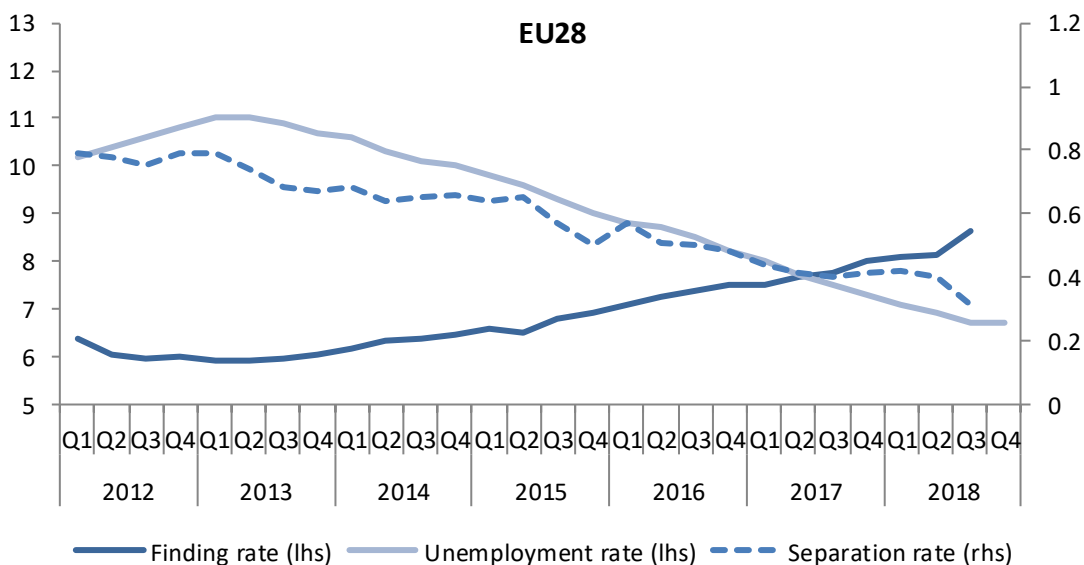
[Click here to download chart.](#)

¹⁹ Using the job vacancy rate instead of the labour shortage indicator would yield qualitatively similar conclusions.

While job finding rates are increasing, separation rates are declining

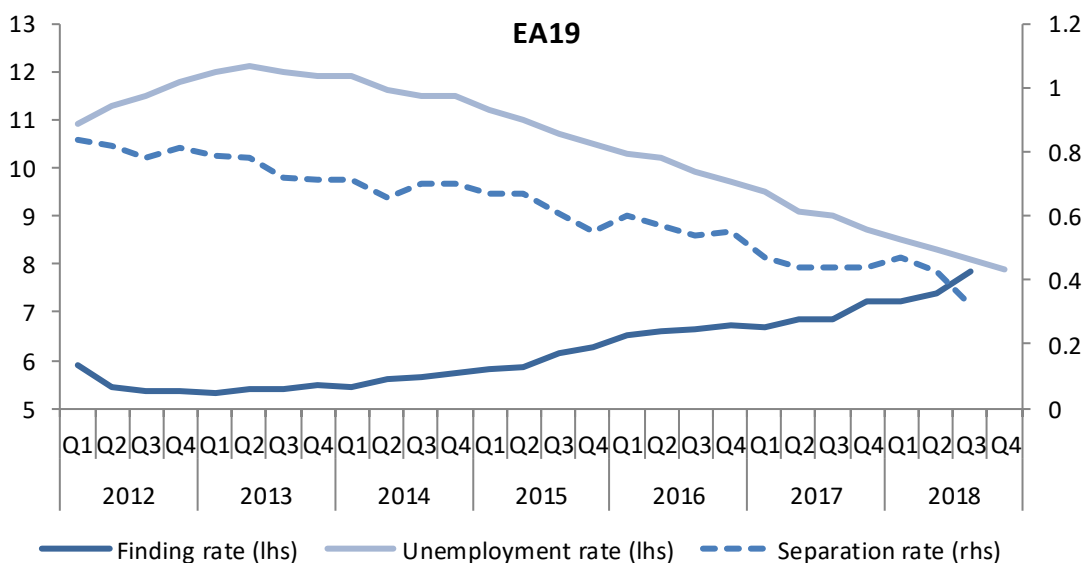
Declining unemployment rates in most Member States were the result of improvements in job finding rates and declines in separation rates (Chart 41 and Chart 42 **Error! Reference source not found.**).

Chart 41: Unemployment, finding and separation rates – EU, 2012-2018



Source: Source: Eurostat, LFS, unadjusted data (DG EMPL calculations)
Click here to download chart.

Chart 42: Unemployment, finding and separation rates – euro area, 2012-2018



Source: Source: Eurostat, LFS, unadjusted data (DG EMPL calculations)

[Click here to download chart.](#)

Annex

See Excel file with charts per Member State and for the EU and euro area

- 1: Real GDP growth, real GDHI growth, employment growth and unemployment rates
- 2: Real GDP growth, employment growth, real GDHI growth and its main components
- 3: Employment growth by sectors
- 4: Beveridge curves

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