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Employment and Social Developments in Europe

Quarterly Review

December 2019



December 2019

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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, L. Moreau 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 third quarter of 2019 (2019 Q3), Eurostat data on the Labour Force Survey second quarter of 2019 (2019 Q2) and Eurostat data on monthly unemployment concerning October 2019. Data on which the report is based are the latest available as of 5/12/2019.

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¹ To access them, see [codes] mentioned under the charts, to be used with the Eurostat data search engine:
<https://ec.europa.eu/eurostat/web/main/home>



I am happy to present the first quarterly review of my mandate. Since the record high unemployment rate of 2013, more than 17.4 million people have found a job in the EU and employment has been growing for twenty-six consecutive quarters. There are now 241.5 million people in employment in the EU, of which 160.1 million in the euro area. Permanent jobs and self-employment continue to grow while temporary jobs are still declining. However, I am aware that there is still a lot more work to do to address some of the issues laid bare by the crisis. This is why the new Commission's task over the next five years will be to strengthen Europe's social dimension and make sure that every EU citizen benefits from the economic recovery.

Nicolas Schmit
Commissioner for Jobs and Social Rights

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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 and outlook

In the third quarter of 2019, the EU's economy continued its expansion, albeit at a moderate rate. Compared to the previous quarter, the GDP increased by 0.3% in the EU and 0.2% in the euro area and **all Member States reported positive GDP growth**, although large countries such as Germany and Italy only grew by 0.1%. The year-on-year growth rate in the third quarter of 2019 was 1.4% in the EU and 1.2% in the euro area, confirming the growth moderation observed in the previous quarters. Year-on-year growth rates were positive in all Member States, with robust increases in Ireland (6.0%), and Hungary (4.8%).

Survey indicators of companies' and consumers' employment and unemployment expectations point to further signs of weakening. While employment in the EU is expected to continue expanding in 2019 also because of current weak productivity growth, its pace of growth is expected to slow down in the coming quarters in line with recent trends and the moderation of economic growth.

Employment

Employment kept increasing in the third quarter of 2019, but its growth slowed down. The number of people employed rose by 0.1% over the previous quarter in both the EU and the euro area, whereas it grew by 0.8% in the EU and 0.9% in the euro area compared to the third quarter of 2018. This trend is in line with the Commission autumn 2019 forecast (1.0% increase on an annual basis).

There are now 241.5 million people in employment in the EU, of which 160.1 million in the euro area - both new record levels. Employment has been growing for twenty-six consecutive quarters in the EU, since the low recorded in the first quarter of 2013. During the period, more than 17.4 million people found a job, including 11.4 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 seven of them and notably in Croatia (-1.6%). When compared with the third quarter of 2018, it expanded in all Member States except for Latvia (-1.7%).

The employment rate in the EU continued rising closer to the Europe 2020 target. It reached 73.9% in the second quarter of 2019, 0.1pp more than in the previous quarter. The employment rate increased in almost all Member States, with the largest annual increases recorded in Bulgaria (2.8pp), Malta (2.3pp) and Greece (2.0pp). Considerable disparities in employment rates persist among the Member States, as in the second quarter of 2019 there was a difference of more than 21pp between the highest employment rate (82.5% in Sweden) and the lowest (61.2% in Greece). Despite the rather positive recent performance, the combination of tight labour markets in some Member States and the slowdown in GDP growth might also reduce the rate at which employment will grow in the coming quarters.

EU employment increased in all sectors but agriculture compared to the same quarter of the previous year. **The service sector recorded the greatest rise in absolute terms**, with 1.7 million more employed people, but **in relative terms the construction sector is growing more** (by 1.7%). **Once more, industry** experienced slow and declining growth (+0.5%).

Permanent jobs continue to expand while temporary jobs are still declining and self-employment is on the rise. In the second quarter of 2019, permanent jobs increased by 2.5 million compared with the same quarter of the previous year. The number of temporary employees fell in the same period by 900,000 people and the number of self-employed increased by 200,000. At the same time, both full-time and part-time employment grew: the number of full-time workers rose by 1.6 million on an annual basis, and part-time work increased by more 200,000 people.

Unemployment

The unemployment rate in the EU and euro area remains stable at low record levels. In October 2019, it stayed at 6.3% and 7.5%, respectively. Compared to the unemployment rate recorded in the same month of the previous year, this represents a reduction of 0.4pp in the EU and

0.5pp in the euro area; relative to the peak levels recorded in 2013, the decrease amounts to 4.7pp and 4.6pp, respectively. **Unemployment in the EU has receded by 11 million people since its peak observed in April 2013.** In October 2019, there were 15.6 million unemployed in the EU, about 1.0 million fewer than in the same month of the previous year.

The unemployment rate decreased or remained stable in almost all Member States compared with a year ago. The largest reduction was registered in Greece (-2.2pp) and the strongest increase in Denmark (0.4pp). Important differences in unemployment remain among Member States. The lowest rate was recorded in Czechia (2.2%) and the highest in Greece (16.7%).

In October 2019, youth unemployment stood at 14.4% in the EU, 0.7pp lower than in the same month of the previous year. This represents 160,000 fewer unemployed people aged 15-24. The dynamics of youth unemployment have been quite different among Member States. The strongest decreases occurred in Estonia (8.7pp) and Greece (6.2pp) while the largest increases were recorded in Slovakia (2.8pp) and Hungary (2.6pp). Despite the declining trend, Greece is still the country with the highest youth unemployment rate (33.0%), followed by Spain (32.8%).

Long and very long-term unemployment also continued declining. Long-term unemployment shrank by 0.5pp in the second quarter of 2019, compared with the same quarter of the previous year, representing 2.5% of the labour force. Long-term unemployment receded in all Member States with the exception of Luxembourg, where it increased by 0.1pp, and the UK, where it remained stable. The very long-term unemployment rate (which captures people in unemployment for at least two years) declined by 0.3pp, to 1.6% of the labour force. The share of long-term unemployed in total unemployment is still high, around 41.8%.

The share of **young people neither in employment nor in education or training** decreased in the EU to 10.2% in the second quarter of 2019, which is 0.2pp less than the same quarter of the previous year. This share differs significantly across the Member states, from 4.2% recorded in the Netherlands to 18.1% recorded in Italy.

Productivity

The growth of labour productivity, as measured by output per worker, is on the rise after the modest development in the past quarters both in the EU and euro area. In the third quarter of 2019, year-on-year productivity growth was at 0.8% in the EU as a whole and at 0.6% in the euro area. However, productivity increase made a smaller contribution to economic growth than employment growth.

Labour costs

Following a brief decline in 2016, the **nominal compensation per employee has been increasing since the first quarter of 2017.** The year-on-year rate of growth registered in 2019 Q3 was 2.7% in the EU and 2.5% in the euro area.

Gross Disposable Household Income (GDHI) and financial distress

The financial situation of households continues to improve in the EU, and at a higher pace than GDP. The real per capita gross disposable income of households has been rising for 24 consecutive quarters. In the first quarter of 2019 it was 1.8% higher than in the same quarter of 2018, and 7.3% above the level recorded in 2008 (same quarter). The pace of GDHI growth has been strong in most Member States, but per capita GDHI is below the 2008 average level in Greece, Italy and Austria. The latter and Denmark recorded a decrease.

However, the proportion of people who reported to be in financial distress showed a slight increase compared to a year ago (October 2018 / 2019). This indicator presented some deterioration in all the income quartiles, but this is more pronounced for the low incomes (+0.8pp).

Labour demand

The level of the unmet demand for labour, as expressed by the job vacancy rate, is still high, but its rise has been decelerating in the euro area and is stable year on year for the first time in the EU since 2014. In the third quarter of 2019, the vacancy rate stood at 2.3% both in the EU and the euro area, the highest levels registered since 2006. At the same time, the labour shortage indicator, a sentiment indicator in the manufacturing sector, decreased twice in 2019 (-3.2pp compared to the

same quarter of the previous year), standing at 16.7%, a value still well above pre-crisis levels. These developments suggest that even if labour markets are still tight in most Member States, labour shortages start shrinking, although remaining high.

Stability in employment and exit from unemployment are high probably denoting an important hiring activity at EU level. Comparing the status of the people aged 15-74 in the first quarter of 2019 to their status in the second quarter of the same year, 96.7% of those in unemployment remained in work, while 20.4% of the job-seekers found a job.

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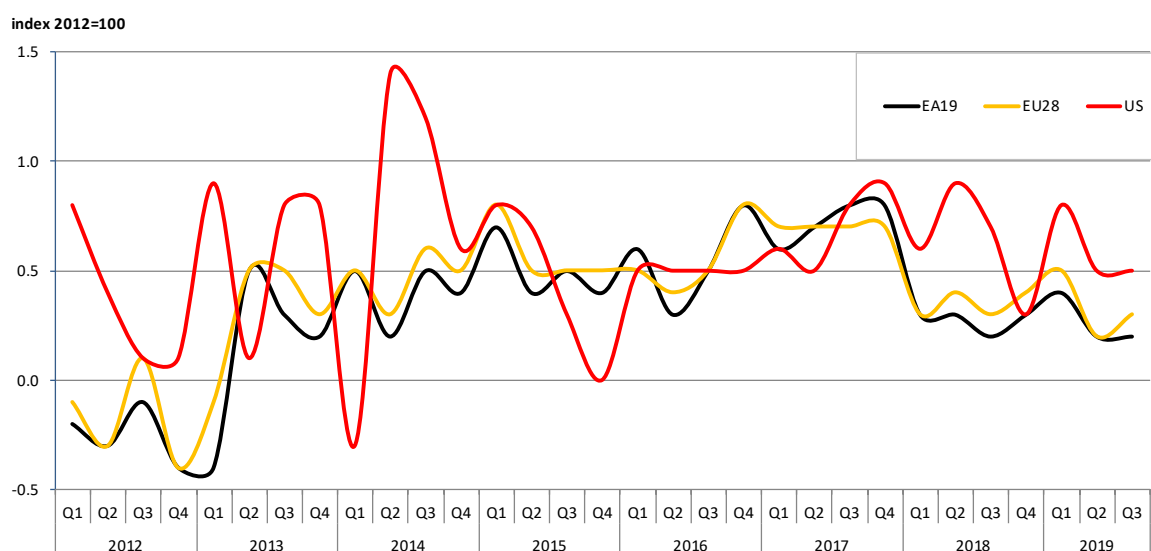
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1. Macroeconomic and employment developments and outlook

In the third quarter of 2019, compared to the previous one, real GDP increased by 0.3% in the EU and by 0.2% in the euro area, in line with the recent trend of slow growth. Year-on-year growth rates are stable at 1.4% in the EU and 1.2% in the euro area. In contrast, the US economy expanded at a faster pace, with real GDP increasing by 0.5% in the second quarter, bringing year-on-year growth to 2.1%.

Real GDP in the EU and the euro area now exceeds the levels of Q1 of 2013, the time when the recovery started, by 13.7% and 12.4%, respectively. In comparison, the real GDP level in the US grew by a cumulative 16.8% over the same period (Chart 1).

Chart 1: Real GDP growth - EU, euro area and US, 2012-2019

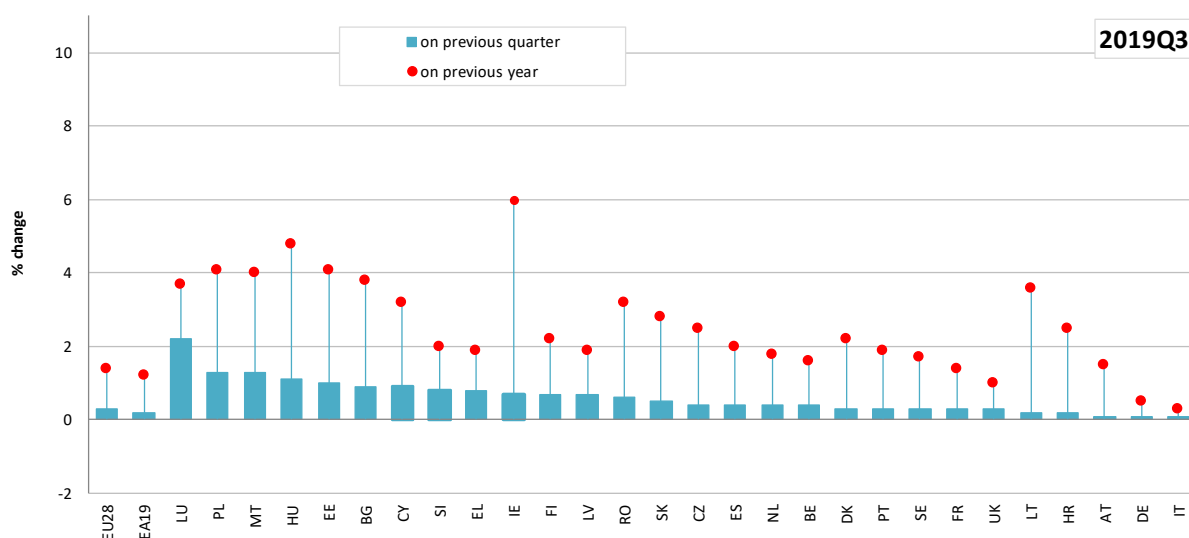


Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_gdp, naidq_10_gdp]
[Click here to download chart.](#)

All Member States report positive GDP growth

In the third quarter of 2019, GDP grew in all Member States compared to the previous quarter, although to a very limited extent for large countries such as Germany and Italy (+0.1%). The EU countries with the fastest-growing GDP were Luxembourg (+2.4%, Q2), Poland and Malta (+1.3%, Q2 for Malta). Year-on-year growth was positive in all Member States, with Ireland recording the highest growth (+6.0%) and Italy the lowest one (+0.3%) (see 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. 2019Q2 data for LU, MT, BG, CY, EL, IE, SK and HR. [Click here to download chart.](#)

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

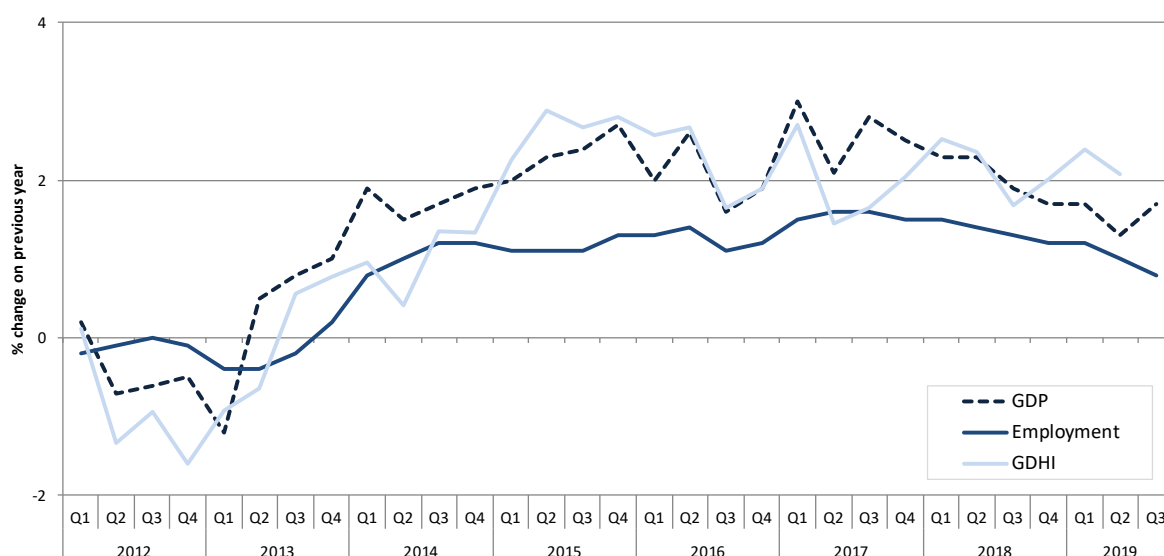
Gross disposable household income (GDHI) in the EU² registered a 2.1% year-on-year increase in real terms in the second quarter of 2019 (Chart 3). This is slightly higher than the yearly growth rates of GDP (+1.3%) and employment (+0.8%) in the same quarter. However, the pace of increase is 0.3pp lower than what reported in the first quarter of the year, suggesting that the current slowdown in GDP growth is affecting also GDHI growth.

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

In the second quarter of 2019, the working time per worker surpassed 408 hours per worker in the EU and 393 in the euro area. Total hours worked are gradually increasing since the first quarter of 2013, and now exceed the peak of 2008. Hours worked per person, however, remain stagnant and slightly below the level in 2012. This is explained by a sharp drop in hours per worked per person during the crisis, which has not been accompanied by a strong increase during the recovery. Beyond part-time work, this can be attributed to changes in the breakdown of employment by sector of economic activity (Chart 4).

² 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.

Chart 3: Real GDP, GDHI and employment growth in the EU, 2012-2019

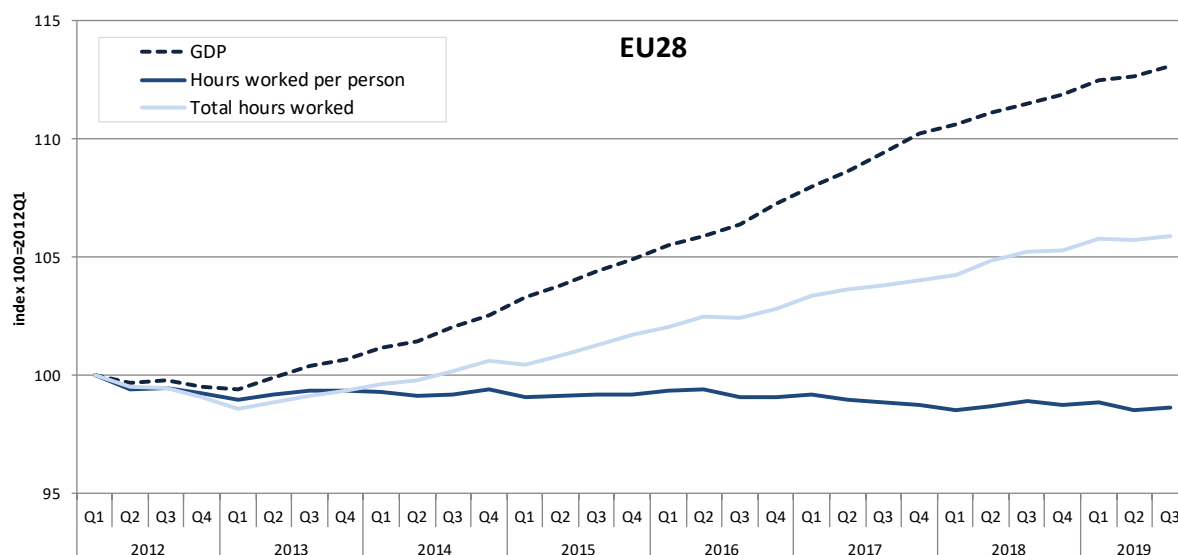


Source: Eurostat, National Accounts, unadjusted data [namq_10_gdp, namq_10_pe, nasq_10_nf_tr] (DG EMPL calculations for GDHI)

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

[Click here to download chart.](#)

Chart 4: GDP and hours worked (total and per employed person), 2012-2019

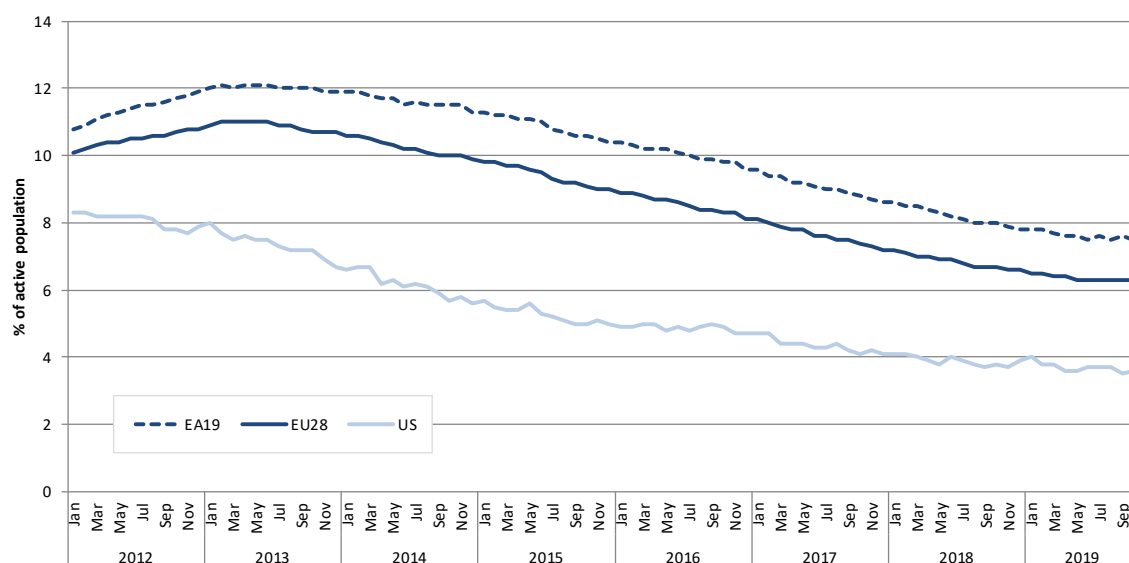


Source: Eurostat, National Accounts [namq_10_gdp, namq_10_a10_e, namq_10_pe], seasonally and calendar adjusted data

Unemployment remains stable

In October 2019, the EU and euro area unemployment rates remained stable and stood at 6.3% and 7.5%, respectively, down from 6.7% and 8.0% in October 2018. By comparison, the unemployment rate in the US reached 3.6% in October 2019 from 3.8% a year earlier (Chart 5).

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



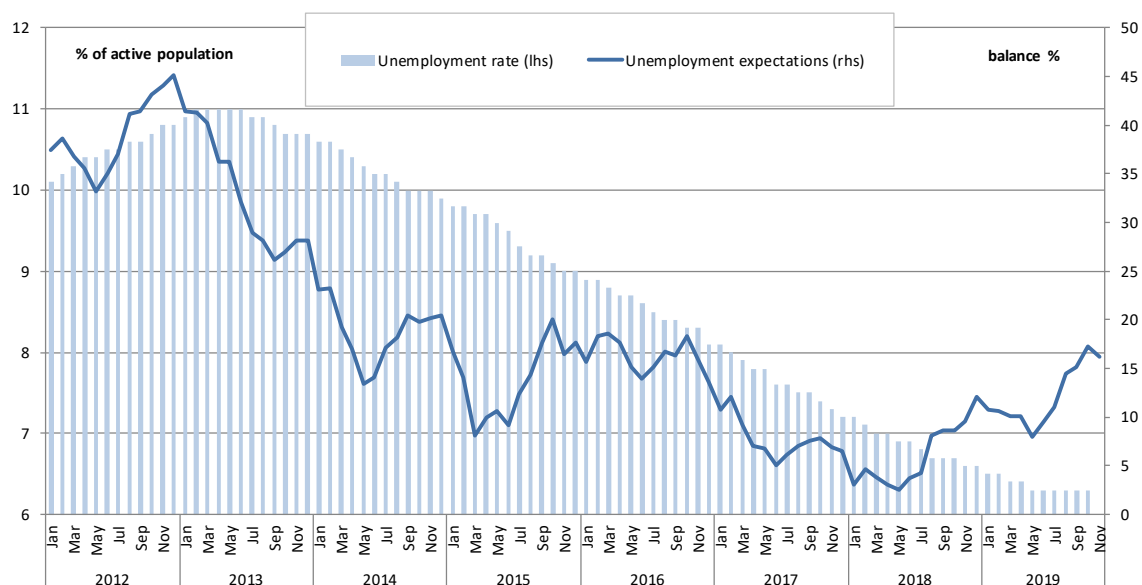
Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
Click here to download chart.

Economic sentiment and employment outlook have slipped after a recent peak

Unemployment expectations, measured within the EU Business and Consumer Surveys (BCS)³, have boosted since mid-2018, marking a weakening of the outlook that has not been so far accompanied by an increase in unemployment rates (Chart 6). In 2019, the employment expectations component of BCS diverged across sectors, with a decline for industry and construction, and stagnation for retail sale and services (Chart 7).

³ 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

Chart 6: Unemployment rate versus unemployment expectations – EU, 2012–2019

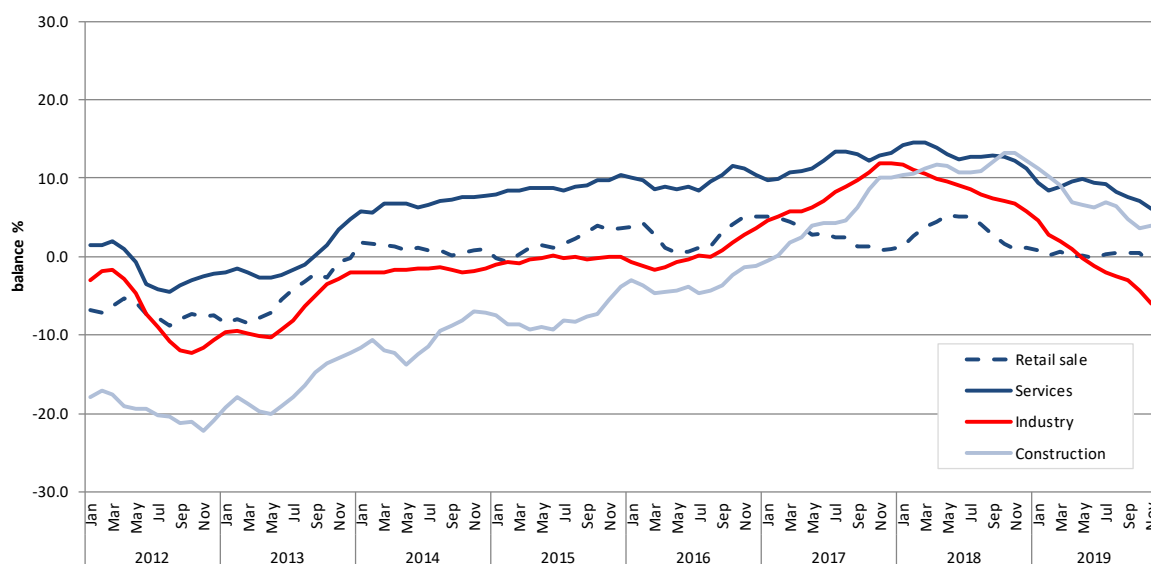


Source: European Commission, Business and Consumer Surveys and Eurostat, LFS, seasonally adjusted data [ei_bscm_m, une_rt_m]

Note: the right scale is the balance of the share of respondents who expect higher unemployment and those who expect a lower one

[Click here to download chart.](#)

Chart 7: 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 weakens but remains positive, as global economic conditions and labour shortages constitute constraints

The November 2019 Economic Forecast by the European Commission⁴ confirms previous expectations of a moderation in economic growth in the EU, in line with a weakening global growth amid downside risks. The more moderate pace of economic growth is expected to reduce further improvements in the labour market situation, but overall the situation is considered solid. Improvements are put at risk by the continued weakness in manufacturing, while services remain more stable. The latest development of survey indicators seems to suggest that the outlook may be worsening further. Compared to the previous labour market forecasts (Spring 2019), the Commission expects a stronger employment growth for 2019 (+1.0%) but sluggish growth in 2020 and 2021. Unemployment is predicted to remain stable with potential for some reductions especially in the euro area (Table 1).

Table 1: Recent forecasts – EU and euro area

		GDP growth			Unemployment rate			Employment growth		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
EU										
Commission	<i>Jul-19</i>	1.4	1.6	:	:	:	:	:	:	:
	<i>May-19</i>	1.4	1.6	:	6.5	6.2	:	0.8	0.7	:
IMF	<i>Apr-19</i>	1.6	1.7	1.7	:	:	:	:	:	
euro area										
Commission	<i>Jul-19</i>	1.2	1.4	:	:	:	:	:	:	:
	<i>May-19</i>	1.2	1.5	:	7.7	7.3	:	0.9	0.8	:
OECD	<i>May-19</i>	1.2	1.4	:	7.9	7.7	:	1.1	0.7	:
ECB	<i>Jun-19</i>	1.2	1.4	1.4	7.7	7.5	7.3	1.0	0.6	0.6
IMF	<i>Apr-19</i>	1.3	1.5	1.5	8.0	7.7	7.6	0.6	0.6	:

Source: European Commission November 2019 and May 2019, IMF October 2019, OECD October 2019, ECB September 2019.

Note: ':' information not available. See full table (link below) for the exact links to sources.

[Click here to download table.](#)

⁴ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/autumn-2019-economic-forecast-challenging-road-ahead_en

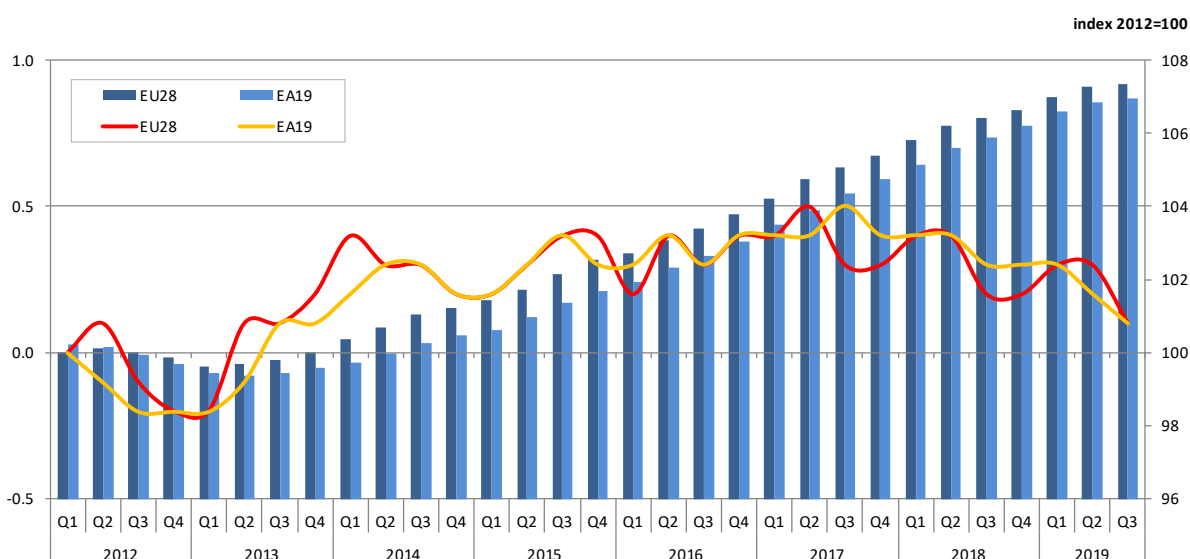
2. Employment in the EU and in Member States

Employment keeps growing in the EU at a low pace

Employment kept growing in the third quarter of 2019, although by only 0.1% over the previous quarter in both the EU and the euro area. Compared to the third quarter of 2018, employment expanded by 0.8% in the EU and 0.9% in the euro area. This result is broadly in line with forecasts for 2019, which predicted a reduction in the employment growth rate.

Since the low point registered in the first quarter of 2013, employment has been growing for twenty-six consecutive quarters in the EU. Since then, and up to the third quarter of 2019, employment has increased by 17.4 million people (including 11.4 million in the euro area). In the third quarter of 2019, employment in the EU reached a new record level with 241.5 million people in employment, of which 160.1 million in the euro area (Chart 8).

Chart 8: Employment level – EU and euro area, 2012-2019



Source: Eurostat, National Accounts, seasonally and calendar adjusted data [namq_10_pe]

Note: Cumulative growth (right), % change on the previous quarter (left)

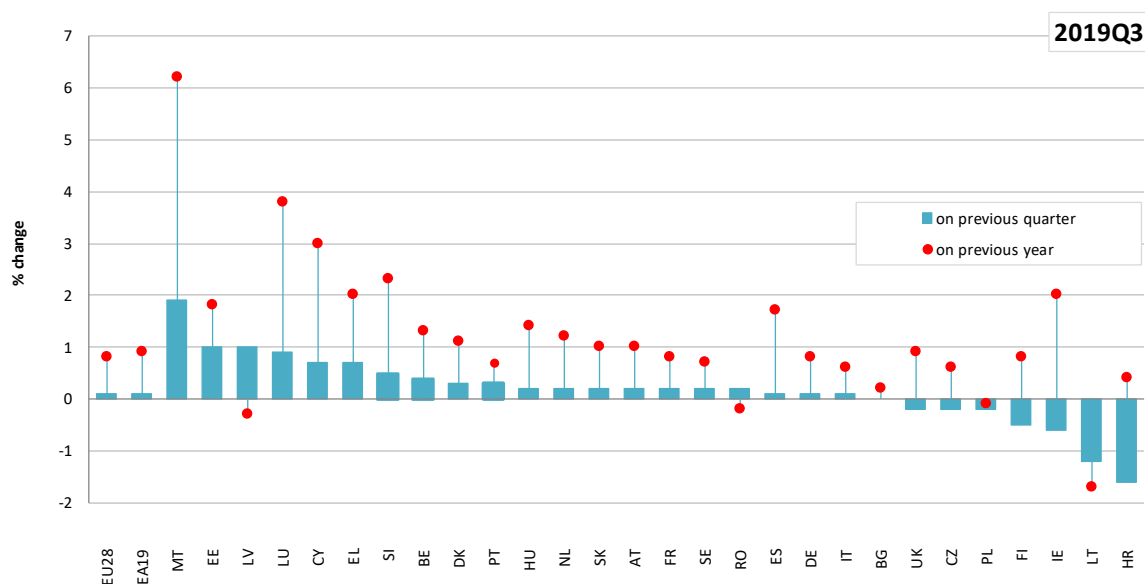
[Click here to download chart.](#)

Employment expands in most Member States but is declining in others

In the third quarter of 2019, employment continued to increase in most of the Member States when compared to the previous quarter, although it is declining in seven of them. Employment grew the most in Malta (1.9%), Estonia and Latvia (1.0%), and registered the strongest decreases in Croatia (-1.6%) and Latvia (-1.2%) (Chart 9).

Compared to the third quarter of 2018, employment was higher in most Member States except in four of them. Growth was again especially strong in Malta (6.2%), Luxembourg (3.8%) and Cyprus (3.0%), while the largest decrease was reported in Latvia (-1.7%).

Chart 9: 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 2019Q2 for several countries.

[Click here to download chart.](#)

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

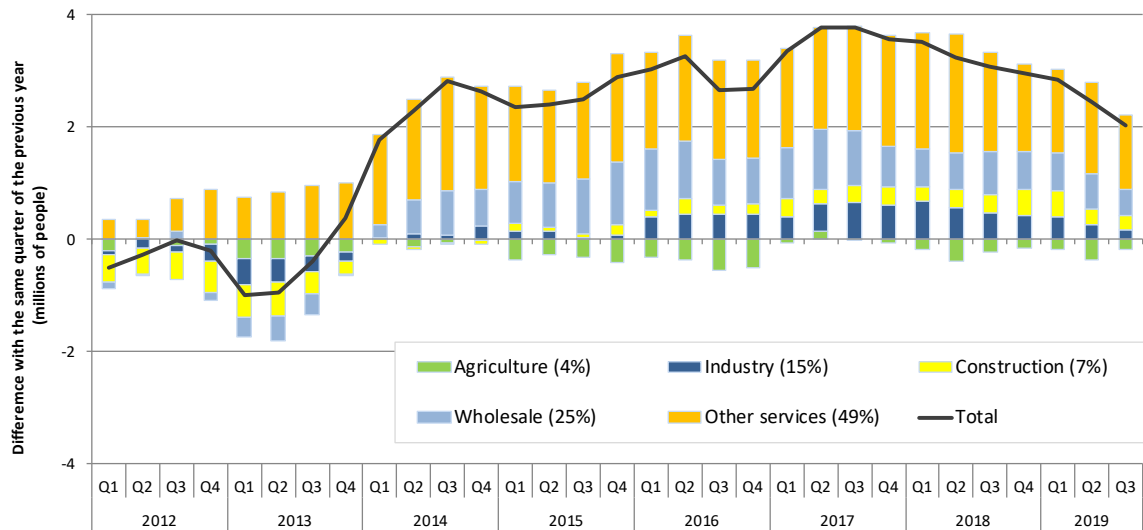
In the third quarter of 2019, EU employment increased in all sectors but agriculture compared to the same quarter of the previous year. The service sector recorded as usual the greatest rise in absolute terms, with 447,000 more employed people in wholesale trade and 1.3 million more employed people in other services. However, the increases of employment in the service sector have been declining since the third quarter of 2018.

Employment in industry is coming almost to a halt, with an increase of 168,000 employed people (+0.5%). Construction grew by 260,000 people, the highest growth in relative terms (+1.7% on a yearly basis). Employment in agriculture declined by 184,000 people on a yearly basis, in line with a long-standing negative trend.

Permanent jobs keep driving employment expansion, temporary jobs still decreasing while self-employment picks up

The growth in employment in the second quarter of 2019 was driven again by a strong increase in the number of permanent employees (about 2.5 million compared with the same quarter of the previous year). After a long decline that started in 2015, the number of self-employed started increasing again at the end of 2018 and in the second quarter of 2019 recorded a year-to-year increase of 200,000 people. The number of temporary employees keeps falling (900,000 people less than in the second quarter of 2018), slowing down the overall growth of employment (Chart 11).

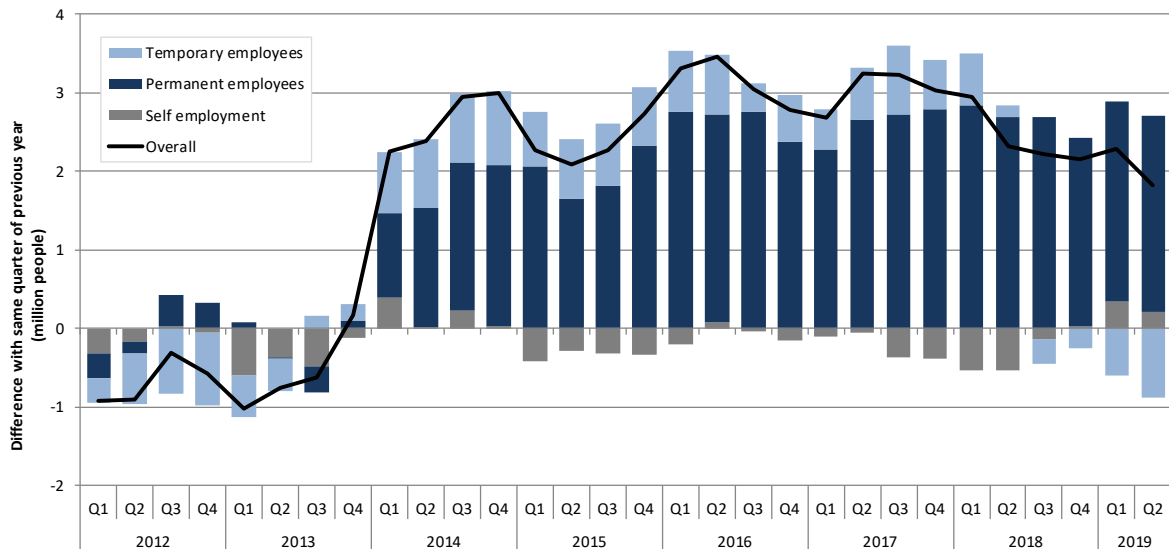
Chart 10: Employment growth by sector – EU, 2012-2019



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

Chart 11: Permanent, temporary and self-employment – EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_egaps, lfsq_etgaed]

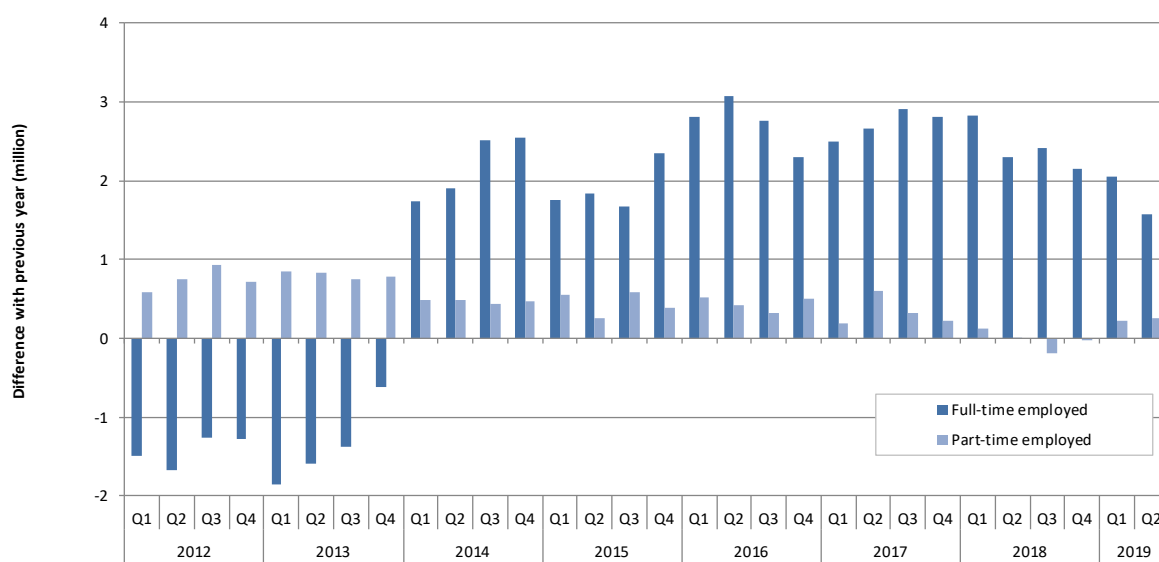
Note: Age 15-64.

[Click here to download chart.](#)

Both full-time and part-time employment on the rise

In the second quarter of 2019 full-time employment increased by 1.6 million people compared with the same quarter of the previous year. Part-time employment increased by more than 200,000 people on a yearly basis. (Chart 12).

Chart 12: Part-time and full-time employment – EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_eftpt]

Note: age 15-64

[Click here to download chart.](#)

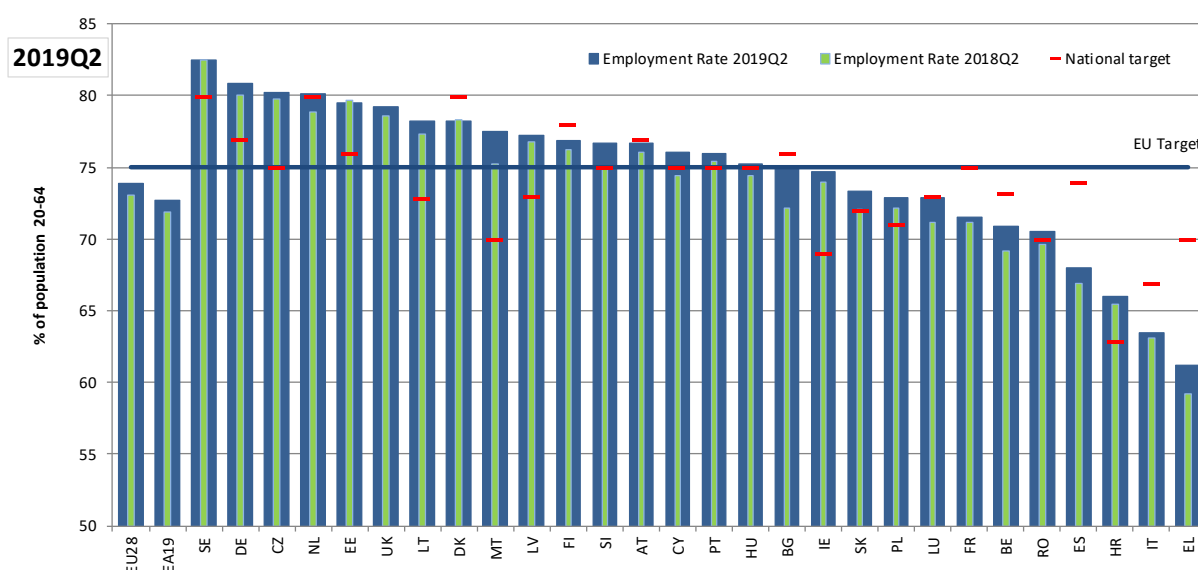
The employment rate increases in most Member States and the EU and comes close to the Europe 2020 target

The EU employment rate for 20-64 year-olds increased continuously in the last years, and reached 73.9% in the second quarter of 2019. The quarter-to-quarter increase amounted to 0.1pp and the year-on-year increase since the first quarter of 2018 was 0.8pp, thus marking a slowdown compared to the first quarter of 2019. Although the Europe 2020 target of 75% seems reachable, the most recent Commission forecasts (see table 1 in the previous section) point to a slowdown in employment creation for the coming quarters and suggest that the employment rate might then come close but slightly below the target. For the euro area, the employment rate increased by 0.8pp since the second quarter of 2018, and reached 72.7% (see Chart 13).

Compared to the same quarter of the previous year, in the second quarter of 2019 the employment rate for 20-64 year-olds increased in all Member States except Estonia (-0.2pp) and Denmark (-0.1pp). The largest annual increases were recorded in Bulgaria (3.8pp), Malta (2.3pp) and Greece (2.0pp).

Despite the rather positive performance in the last quarters, it is unclear whether this pace of growth can be maintained, due to the combination of tight labour market in some Member States (Sweden, Germany, Czech Republic for example) and persistent lack of growth in others with employment rates below the EU average, such as Italy and France. Large differences across Member States remain. In the first quarter of 2019, there was a difference of 21.3pp between the highest employment rate, 82.5% in Sweden, and the lowest, 61.2% in Greece, where the employment rate went above 60% for the first time since mid-2011 in the last quarter of 2018.

Chart 13: Employment rate – EU, euro area and Member States



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

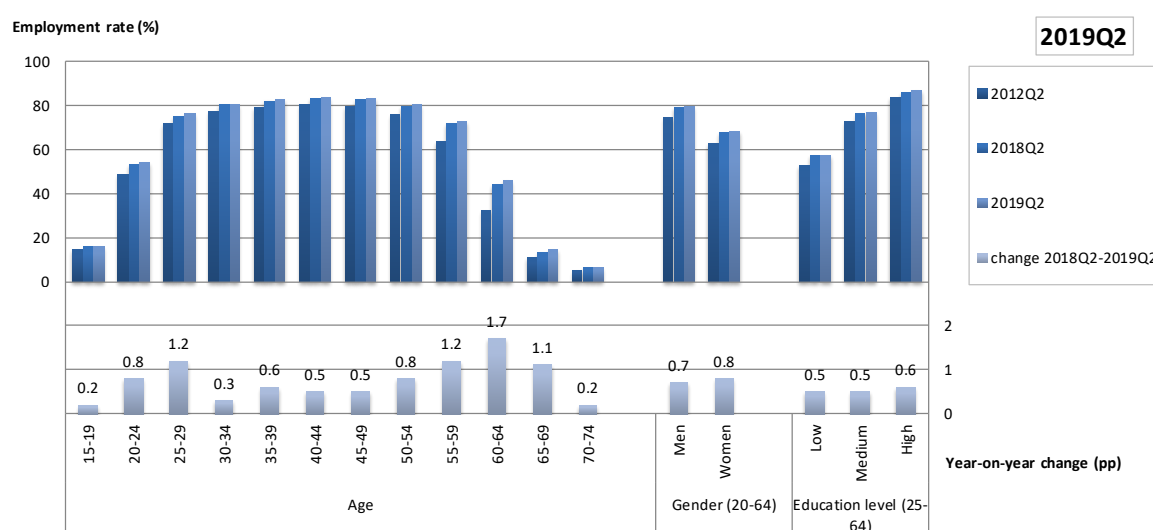
Note: age 20-64

[Click here to download chart.](#)

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

In the second quarter of 2019 the EU employment rate increased on a yearly basis for all population groups, and again most noticeably for people aged 60-64 (1.6pp). This evolution reinforces the trend observed over the past few years where employment expanded strongly among workers above 55 years. The employment rate grew faster for women (0.6pp year-to-year) than for men (0.8pp year-to-year). The employment gender gap was 11.3%, 0.9pp less than in 2018 Q2. The employment rate also increased for all education levels (Chart 14).

Chart 14: Employment rate by population groups – EU



Source: Eurostat, LFS, unadjusted data [lfsq_ergaed]

Note: Age groups: by gender 20-64, by educational level 25-64

[Click here to download chart.](#)

3. Unemployment in the EU and in Member States

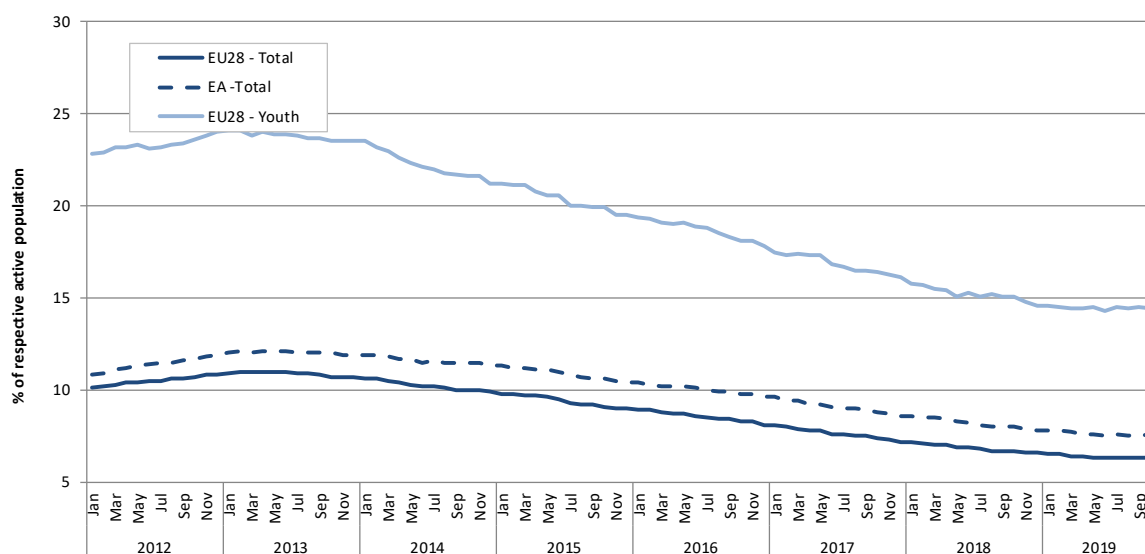
Unemployment rates are stable at record-low levels in the EU

In October 2019, the unemployment rate in the EU and euro area were 6.3% and 7.5%, down 0.4pp and 0.5pp from the respective levels recorded in October 2018. These rates represent 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 May 2008. The decline in EU and euro area unemployment rates means that they are now respectively 4.7pp and 4.6pp lower than the highest levels recorded in 2013 (Chart 15).

However, the rate for EU has now remained stable for six months and has declined only 0.2pp since January, with similar trends in the euro area. This suggests that, with a slowdown in the economic activity (see forecasts in section 1), further progress in the coming months, if any, is likely to be limited.

In October 2019, 15.6 million people were unemployed in the EU, about 1.0 million fewer unemployed people since the same month in 2018. Unemployment in the EU has receded by 11 million people since its peak observed in April 2013. In the euro area, the number of unemployed people was 12.3 million, 7 million less than the highest value recorded in April 2013.

Chart 15: Unemployment rate and youth unemployment rate – EU and euro area, 2012–2019

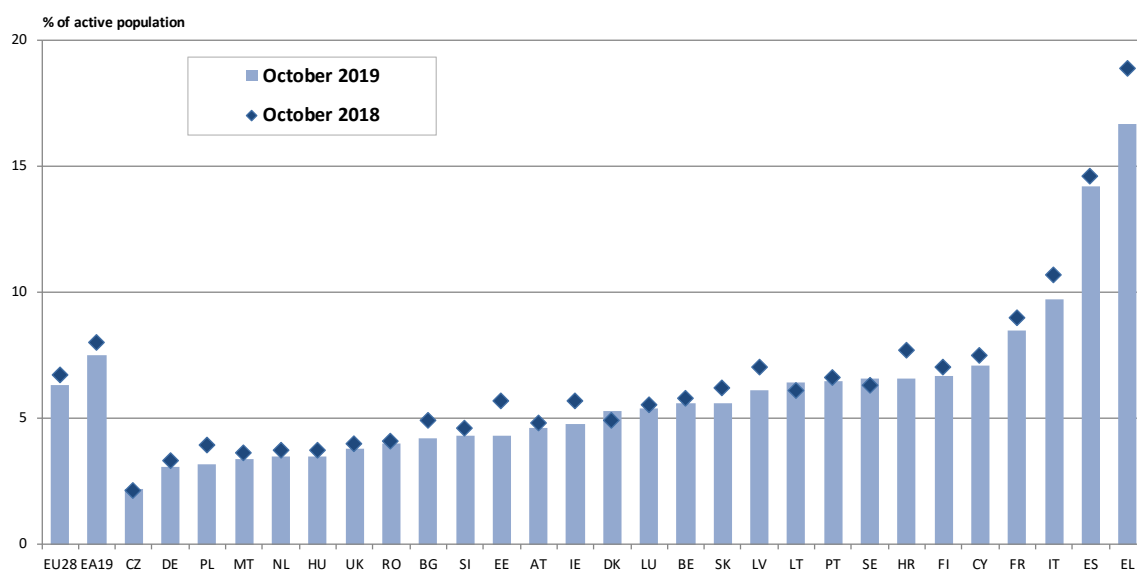


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]
Click here to download chart.

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

In October 2019, compared with a year ago, the unemployment rate decreased in almost all Member States, with the exceptions of Denmark (0.4pp), Lithuania (0.3pp), Sweden (0.3pp) and Czechia (0.1pp). Greece registered the largest reduction by 2.2pp but has still the highest unemployment rate in the EU (16.7%, August data) (Chart 16 and Chart 17). Large differences in unemployment rates remain among Member States. The lowest rates were recorded in Czechia (2.2%) and Germany (3.1%). By comparison, Greece (see above) and Spain (14.2%) are the only Member States with an unemployment rate over 10%, with Italy slightly below (9.7%) (Chart 16).

Chart 16: Unemployment rates – EU, euro area and Member States, 2018–2019

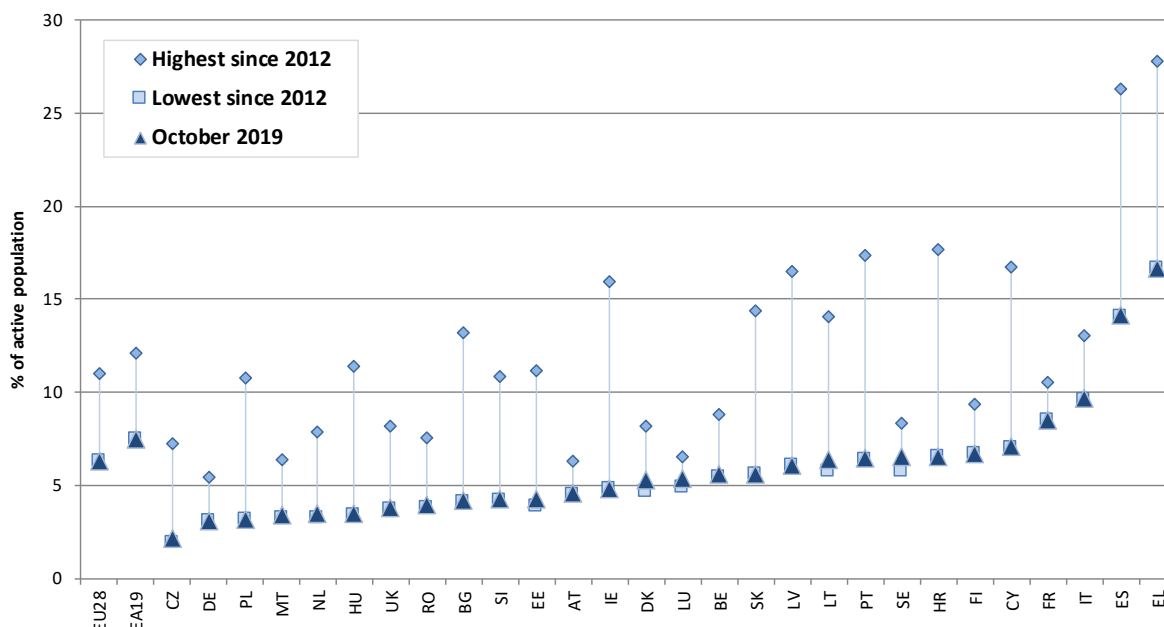


Source: Eurostat, series on unemployment, seasonally adjusted data [une_rt_m]

Note: HU and EE data from September 2018/2019; EL and UK data from August 2018/2019

[Click here to download chart.](#)

Chart 17: Unemployment rates – EU, euro area and Member States, 2012-2019



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

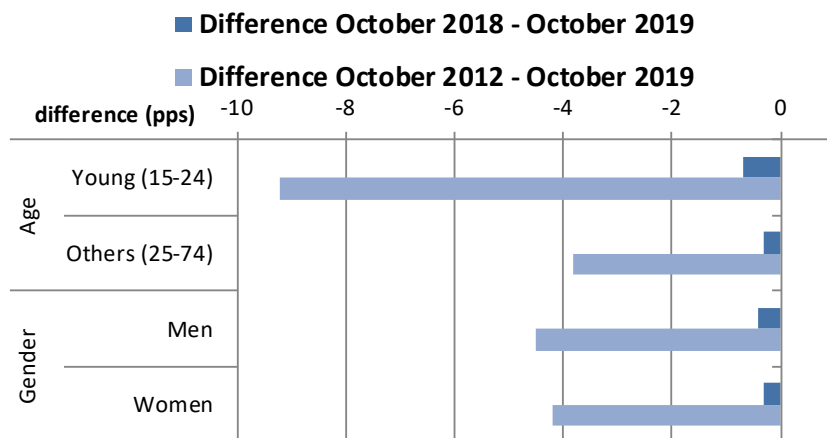
Note: HU and EE data from September 2018/2019; EL and UK data from August 2018/2019

[Click here to download chart.](#)

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

In October 2019, compared to the same month of the previous year, the unemployment rate in the EU decreased for all age groups. For those aged 25-74, the unemployment rate in the EU declined slightly more slowly by 0.3pp, down to 5.5%. The unemployment rate also fell by 0.4pp on a year-to-year basis for men and 0.3pp for women, down to 6.1% for men and 6.6% for women. (Chart 18).

Chart 18: Change in unemployment rate by population groups – EU



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

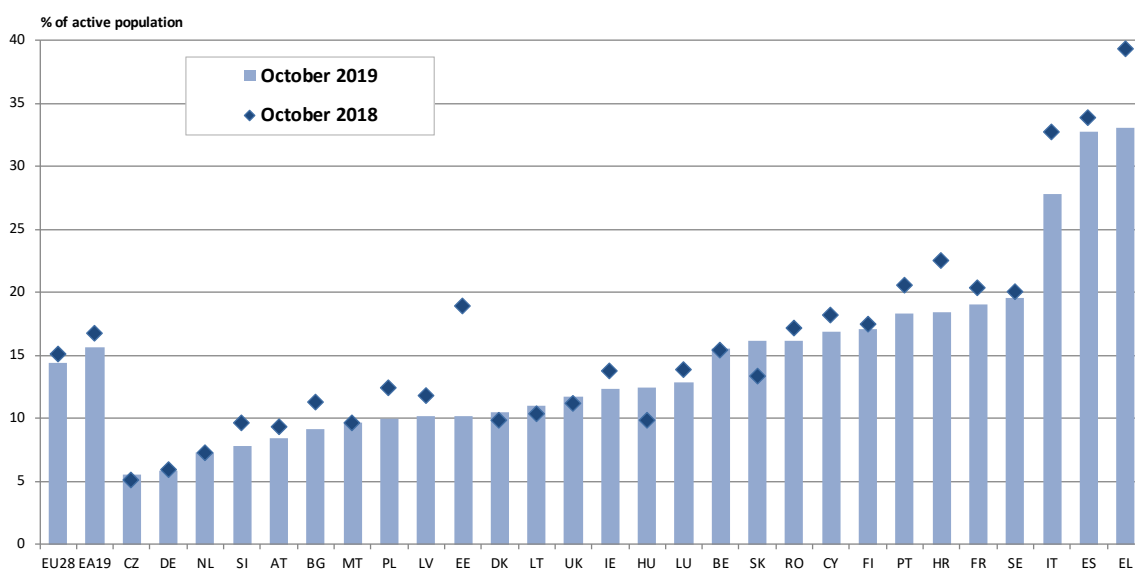
[Click here to download chart.](#)

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

In October 2019, the unemployment rate of people aged 15-24 (youth unemployment) stood at 14.4% in the EU, down by 0.7pp compared to the same month of 2018. In the euro area, it declined by 1.1pp to reach 15.6%. These declines represent 160,000 fewer unemployed people aged 15-24 in the EU, including 147,000 in the euro area. In October 2019, there were 3.2 million young people unemployed, including 2.3 million in the euro area.

As for total unemployment, the most recent trends suggest a stabilisation in youth unemployment, with very different dynamics according to Member States. A year-on-year increase⁵ occurred in nine Member States. The highest increases were recorded in Slovakia (2.8pp), Hungary (2.6pp), Denmark and Lithuania (0.7pp). The decrease was the strongest in Estonia (-8.7pp), Greece (-6.2pp) and Italy (-4.9pp). The youth unemployment rate in Greece is still the highest in the EU (33.1%), but is approaching those of Spain (32.8%) and Italy (27.8%). By contrast, the lowest youth unemployment rates are recorded in Czechia (5.5%), Germany (5.8%) and the Netherlands (7.3%) (see Chart 22).

Chart 19: Youth unemployment rates – EU, euro area and Member States



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

Note: EL and RO data from June 2019; UK data from August 2019; CY, SI, HU, EE, BE and HR data from September 2019

[Click here to download chart.](#)

⁵ Refer to Chart 22 for the exact month of comparison

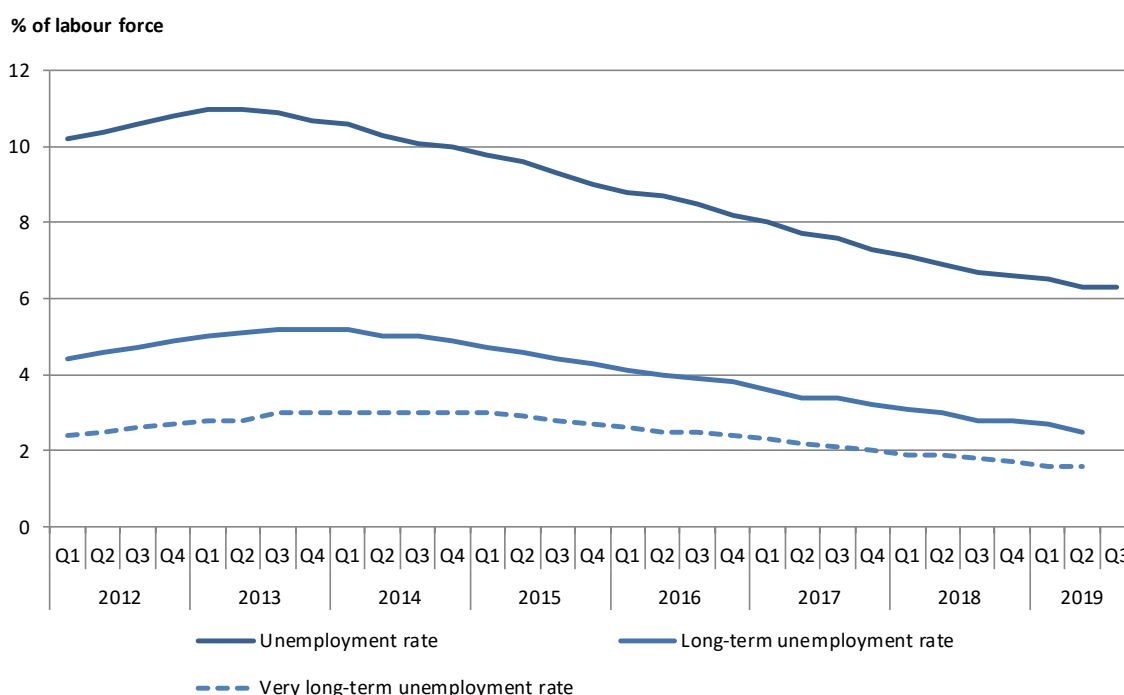
4. Long-term unemployment and additional potential labour force

Long and very long-term unemployment continues decreasing

Long-term unemployment, which captures people in unemployment for a year or more, decreased by 0.5pp in the second quarter of 2019, compared with the same quarter of the previous year. The rate went down to 2.5% following a constant decrease that has lasted since the first quarter of 2014 (Chart 20). At the same time, the very long-term unemployment rate (which captures people in unemployment for at least two years) decreased by 0.3pp, down to 1.6% of the labour force but still 0.2pp higher than the rate observed at the end of 2008.

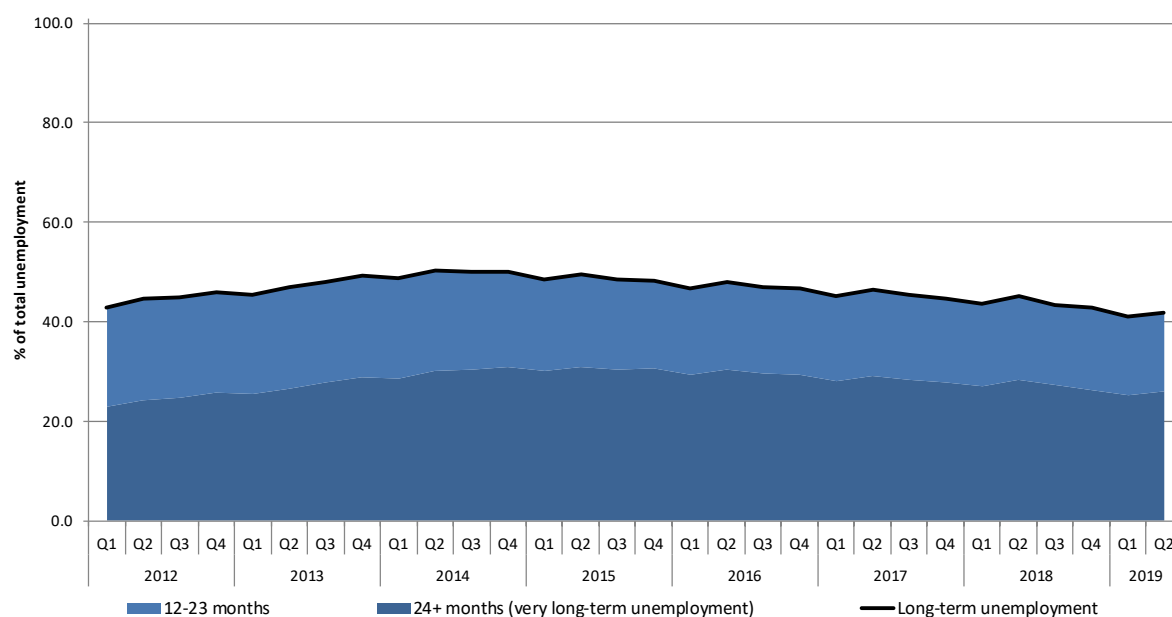
In the second quarter of 2019, there were around 6.2 million people in unemployment for more than a year in the EU, of whom 3.8 million for more than two years. This represents 1.1 million fewer people in long-term unemployment than in the second quarter of 2018, as well as 753,000 less in very long-term unemployment. The share of long-term unemployed in total unemployment remains high, at 41.8%, 0.7pp more than the first quarter of 2019. The share of very long-term unemployed in total unemployment has also increased by 0.7pp and is now 25.9% (see Chart 21).

Chart 20: Unemployment, long-term unemployment and very long-term unemployment rates in the EU, 2012-2019



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

Chart 21: Unemployment by duration of unemployment in the EU, 2012-2019



Source: Eurostat, LFS, unadjusted data [lfsq_ugad]

Note: Data for first quarter of each year

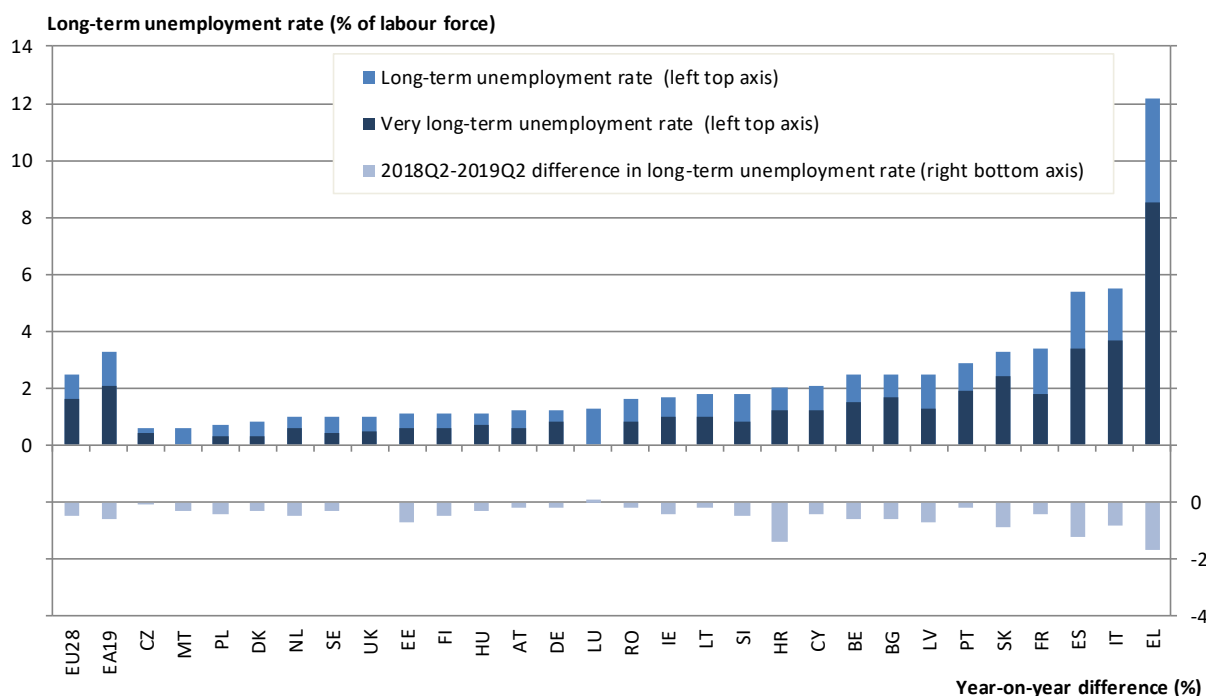
[Click here to download chart](#)

Long-term unemployment decreases in almost all Member States

In the second quarter of 2019, long-term unemployment declined in all Member States compared to the same quarter of the previous year, except for Luxembourg (0.1pp increase) and the UK where it remained stable. The largest reduction occurred in Greece (1.7pp), Croatia (1.4pp) and Spain (1.2pp) (Chart 22).

Greece, however, continued to display by far the highest rates of both long-term unemployed and very long-term unemployed (12.2% and 8.5% of the labour force, respectively), followed by Italy (5.5% and 3.7%, respectively) and Spain (5.4% and 3.4%, respectively).

Chart 22: Long-term unemployment rate - EU, euro area and Member States, level and change, 2018-2019



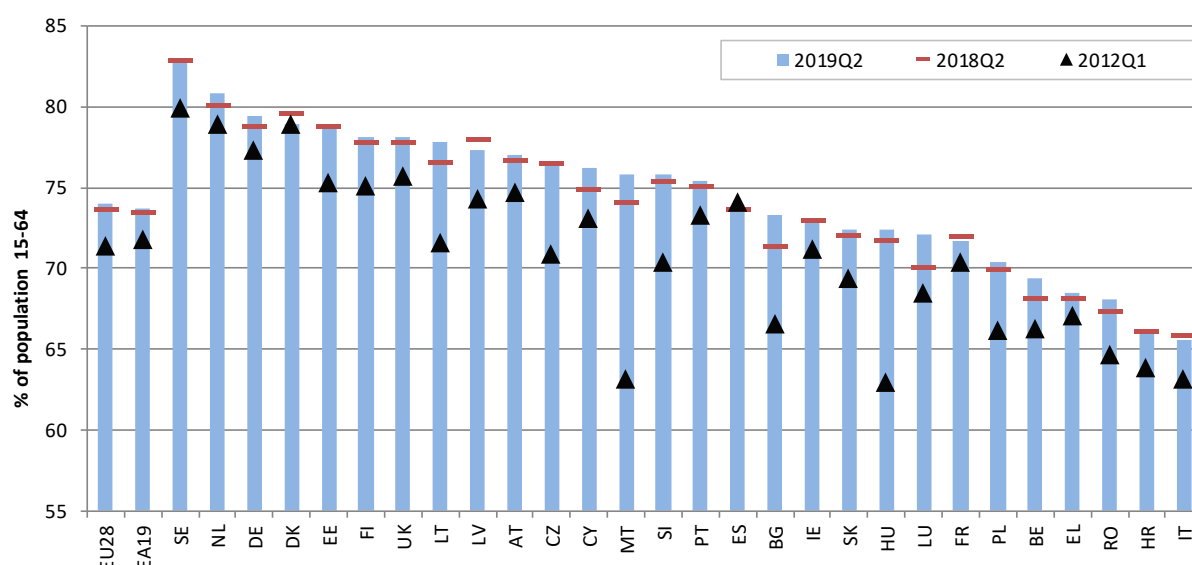
Source: Eurostat, LFS, seasonally adjusted data [une_ltu_q]
 Note: No 2019Q2 VLTU data available for MT and LU
[Click here to download chart.](#)

Active population in the EU keeps increasing at a moderate pace

The activity rate in the EU, for the 15 to 64 age group, reached 74.0% of the EU population in the second quarter of 2019 (Chart 23). This is 0.3pp higher than in the first second of 2018.

In the second quarter of 2019, most Member States registered a year-to-year increase in their activity rates (Chart 23). The Member States that experienced the strongest increases were Luxembourg (+2.0pp), Bulgaria (+1.9pp) and Malta (+1.7pp). On the other hand, the activity rate decreased in Denmark (-0.7pp), France (-0.3pp), Italy (-0.3pp), Croatia (-0.2pp) and Sweden (-0.1pp). Italy and Croatia are also the countries with the lowest activity rates in the EU (65.6% and 66.0%), while Sweden and the Netherlands are the only EU countries with rates above 80%.

Chart 23: Activity rate – EU and Member States



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

Note: FR only metropolitan data for 2012Q1

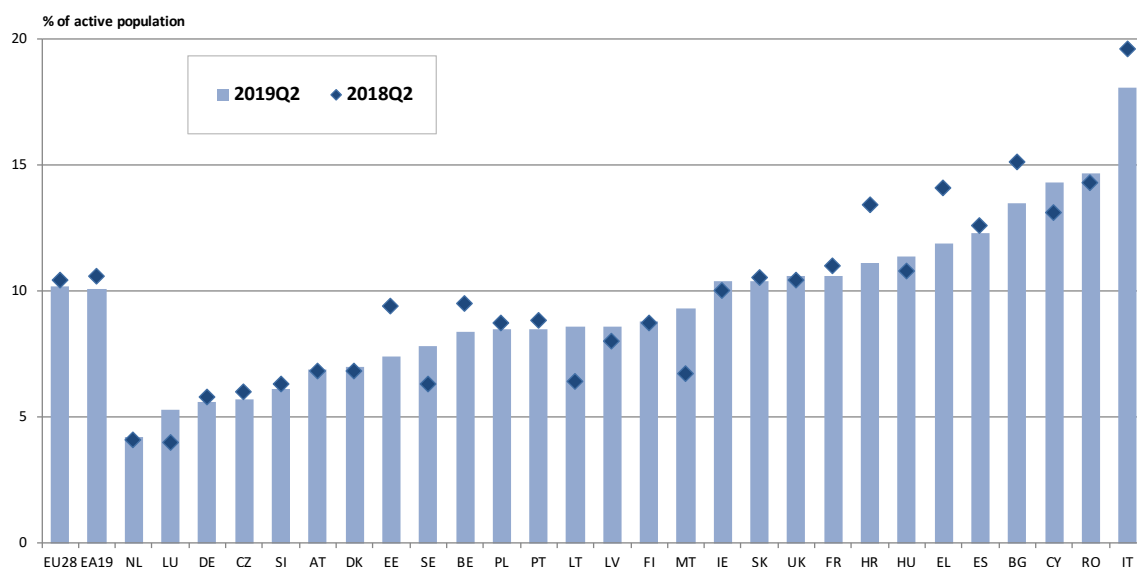
[Click here to download chart.](#)

Less young people in the EU are neither in employment nor in education or training

In the EU, the share of people aged 20-34 who are neither in employment, nor in education or training, (NEET), decreased in the second quarter of 2019 by 0.2pp compared with the same quarter of the previous year, and reached 10.2%. In the same period, it decreased by 0.5pp in the euro area, where it stood at 10.1%.

Compared with the second quarter of 2019, NEET increased in half of the Member States and shrank in the other half. The strongest decrease was recorded in Croatia (-2.3pp), Greece (-2.2pp) and Estonia (-2.0pp). NEET rose significantly in Malta (+2.6pp) and Lithuania (+2.2pp). The share of NEET varies considerably across the Member States, from 4.2% recorded in the Netherlands to 18.1% recorded in Italy.

Chart 24: Young people aged 15-24 neither in employment nor in education and training (NEET) – EU



Source: Eurostat, LFS [lfsi_neet_q]. Seasonally adjusted data.
Click here to download chart.

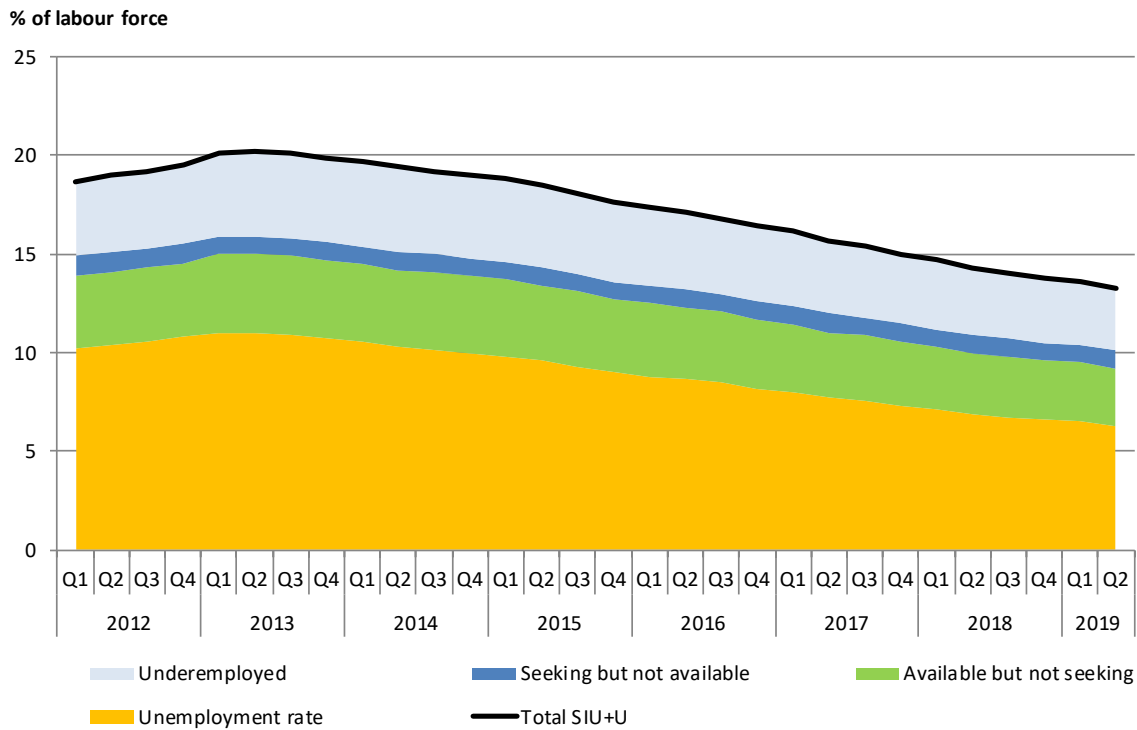
The share of people 'available to work but not seeking' and 'underemployed' decreases

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)⁶.

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 2.9% of the labour force in the second quarter of 2019, thus below pre-2008 levels. This rate decreased by 0.2pp 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, also decreased by 0.2pp and represented 3.2% of the labour force. The rate of those 'Seeking but not available for work' continues to be stable at 0.9% of the labour force. The decrease in these three indicators amount overall to 0.4pp on a yearly basis, adding to the positive developments in unemployment and long-term unemployment (Chart 25).

⁶ See: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Underemployment_and_potential_additional_labour_force_statistics

Chart 25: Unemployment, potential labour force and underemployment – EU, 2012-2019



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.

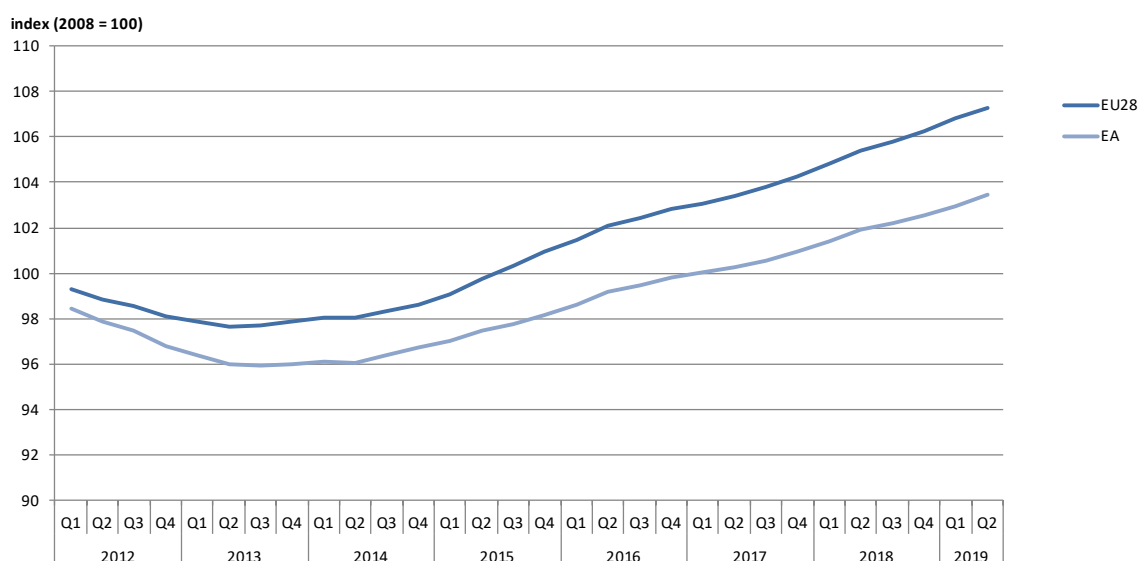
[Click here to download chart.](#)

5. Income and financial situation of households

The gross disposable income of EU households continues to increase

In the second quarter of 2019, the real per capita gross disposable household income (GDHI)⁷ continued to grow. In the EU, real per capita GDHI has been growing for 24 consecutive quarters and it is now 7.3% higher than in 2008 and 1.8% higher than in same quarter of 2018. In the euro area the growth pace remains slightly slower: real per capita GDHI has been growing for 23 consecutive quarters, and is 3.4% higher than in 2008 and 1.5% higher than in the same quarter of 2018 (Chart 26).

Chart 26: Real GDHI per capita - EU and Euro Area (index 2008 = 100), 2012-2019



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 (see footnote 7). Moving averages over four last quarters.

[Click here to download chart.](#)

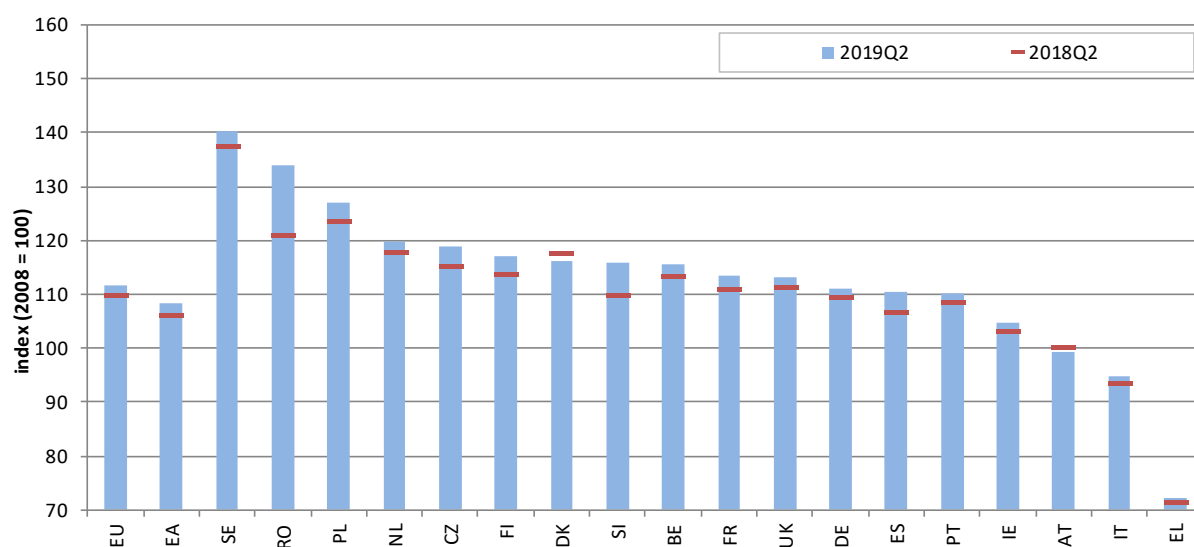
Developments of real GDHI per capita are positive in almost all Member States

In the second quarter of 2019, real GDHI per capita grew on a yearly basis in almost all Member States for which data are available (see Chart 27). The pace of GDHI growth has been strong in most Member States, with a growth rate of 10.7% in Romania and above 3.0% for Spain (3.5%) and Czechia (3.1%). Denmark and Austria recorded a decrease (-1.4% and -0.9% respectively), causing Austria to return below its 2008 level (real GDHI of 99.3). At the same time, Italy and Greece display low growth rates (1.1% and 1.0% respectively) despite levels well below their 2008 average (real GDHI of 94.7 for Italy and 72.3 for Greece).

Three Member States (Greece, Italy and Austria) have in the second quarter of 2019 levels of real GDHI below their 2008 average, but considering that the data are not seasonally adjusted this figure can change from quarter to quarter.

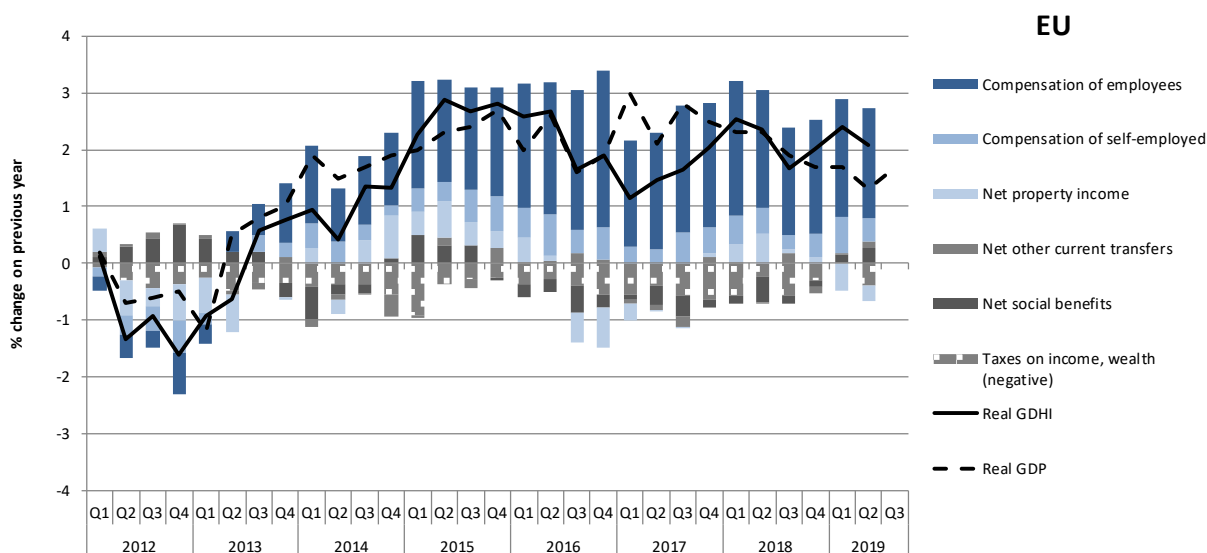
⁷ The real GDHI growth for the EU is an estimation by DG EMPL based on Member States for which quarterly data are available (18 Member States: AT, BE, CZ, DE, DK, EL, ES, FI, FR, IE, IT, NL, PL, PT, RO, SE, SI, UK, which account for at least 90% of EU GDHI – 2018Q4 for Greece and Romania, 2019Q1 for Poland). 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 27: 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. 2018Q4 data for Romania, and Greece; 2019Q1 for Poland.
[Click here to download chart.](#)

Chart 28: Real GDP growth, real GDHI growth and its main components, 2012-2019



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.](#)

Households benefit from higher income from work

Despite a slowdown, on average in the EU, the growth of the real gross disposable household income (real GDHI) maintains a good pace and has been higher than GDP growth in the last three quarters. In the second quarter of 2019, the yearly real GDHI growth was 2.1% (2.4% in the first quarter). Income from work continued driving this growth in real GDHI, with a growth of 1.9% in the

compensation of employees. In the last two quarters, net social benefits started to increase (growth rate of 0.3% for the second quarter) and net property income to decrease (-0.3%).

Share of people having difficulties to cover current expenditure is slightly on the rise

Reported financial distress⁸ is defined as the need to draw on savings or to run into debt to cover current expenditures, based on personal perceptions. From its historical peak of nearly 17% recorded in early 2014, it gradually declined to 12.7% of the population and remained stable from February to May 2019, but it has slowly increased since then to reach 13.2% in October 2019 (Chart 29). Compared to the same month in 2018 (12.9%), the indicator is slightly higher.

Financial distress is increasing especially for those on low incomes

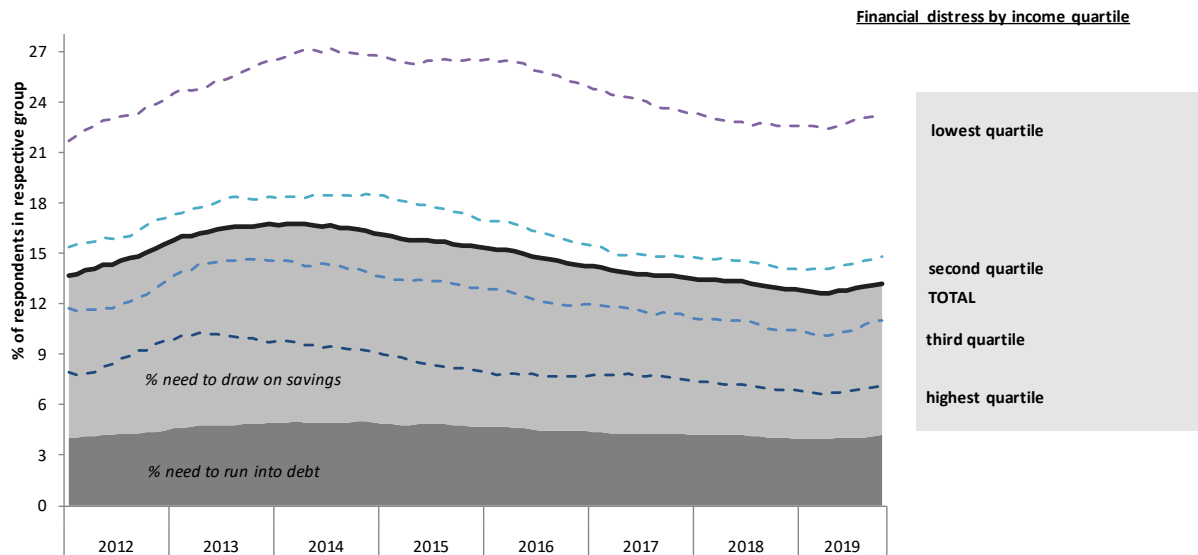
Reported financial distress has increased the most for those on low incomes (lowest quartile) and reached 23.4%, 0.8pp more than in October 2018 (Chart 29). By comparison, for the wealthiest quartile financial distress stood at 7.1% (+0.2pp on a yearly basis). Increases were also recorded for the second and third quartile of the population (0.6pp for both, at 14.8 and 11.0 respectively).

Reported financial distress increases for the lowest income quartile in several Member States, but large diversity in levels and trends persists

The levels of financial distress for households with the lowest incomes followed very diverse trends among Member States. In the third quarter of 2019, and on a yearly basis, it increased in several countries and especially in Germany (+8.7pp), Austria (+7.5pp), Finland (+7.2pp) and Denmark (+5.6pp). Belgium became the country with the highest overall share (35.4% - strongly increasing; +3.4pp), followed by the Netherlands (33.7% - strongly increasing; +4.5pp) and France (33.0% - strongly decreasing; -3.1pp), all above 30.0%. The strongest decreases were recorded in Malta (-6.9pp), Croatia (-5.5pp), Greece (-5.4pp) and Luxembourg (-5.0pp). Estonia remains at very low levels (2.0% - decreasing; -2.6pp), while Sweden is the only other country to record a share of financial distress for the lowest income quartile below 10% (7.2%; -0.9pp) (Chart 30).

⁸ 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 29: Reported financial distress by income quartile – EU, 2012-2019

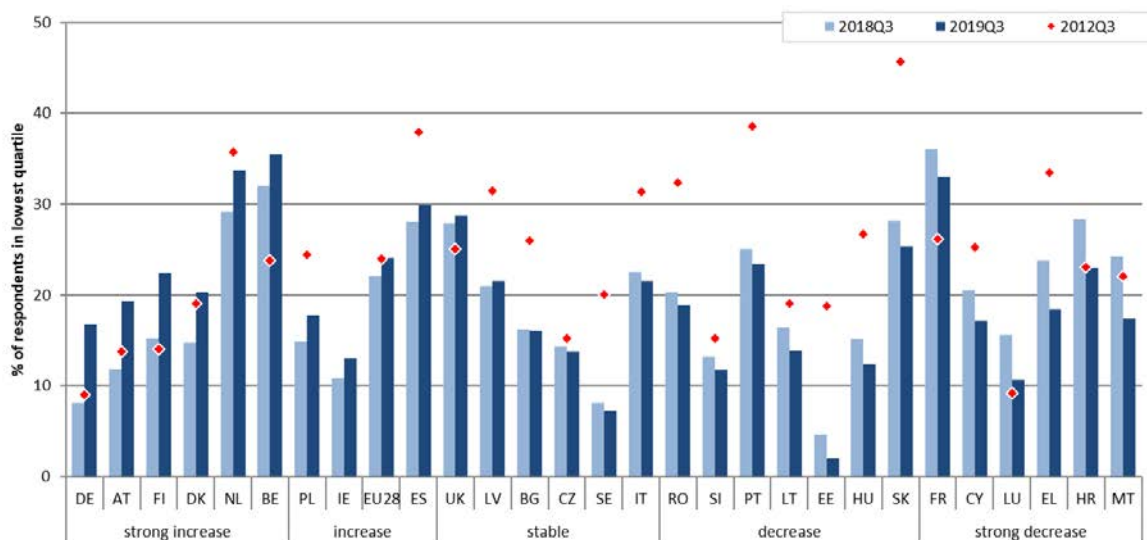


Source: European Commission, Business and Consumer Surveys, unadjusted data, 12-months moving average (DG EMPL calculations).

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 30: 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 in 2012.

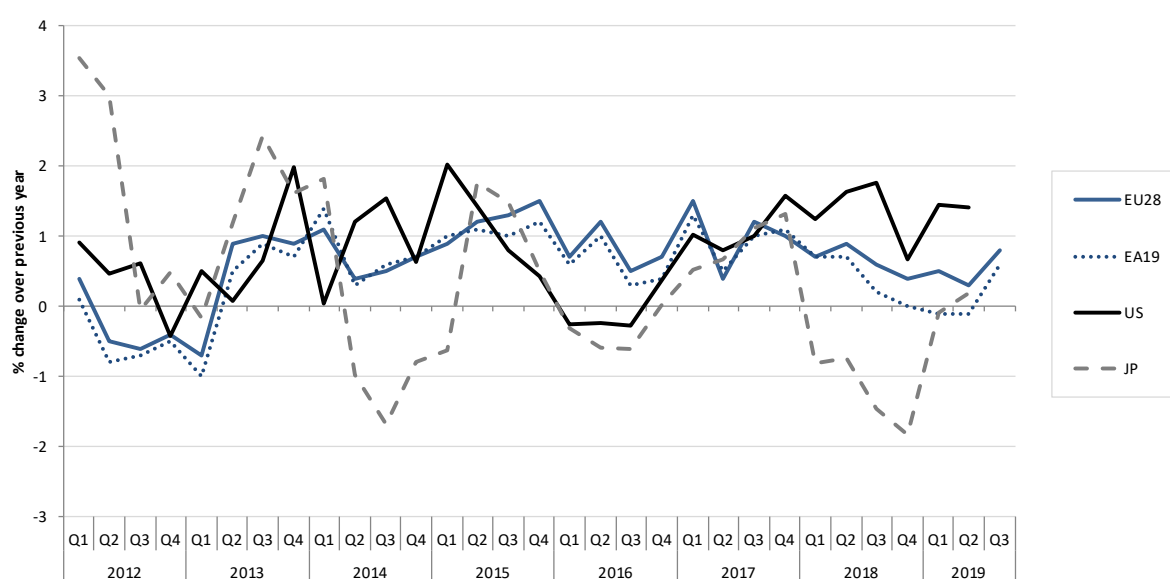
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6. Productivity and labour costs

Growth in labour productivity in the EU on the rise

Growth in labour productivity, as measured by output per worker started rising again both in the EU and in the euro area, after a slowdown in the past years. In the third quarter of 2019, year-on-year productivity growth was at 0.8% in the EU as a whole, and 0.6% in the euro area. The US labour productivity grew at a much faster pace, reaching 1.4% in 2019 Q2 (last data available). On the other hand, Japan, after five consecutive negative quarters rates, went back to positive and recorded a growth in labour productivity of 0.2% in 2019 Q2 (Chart 31).

Chart 31: Real labour productivity growth – EU, euro area, US and JP, 2012-2019



Source: Eurostat, National Accounts [namq_10_lp_ulc] and OECD. Unadjusted data, seasonally adjusted data for US and JP

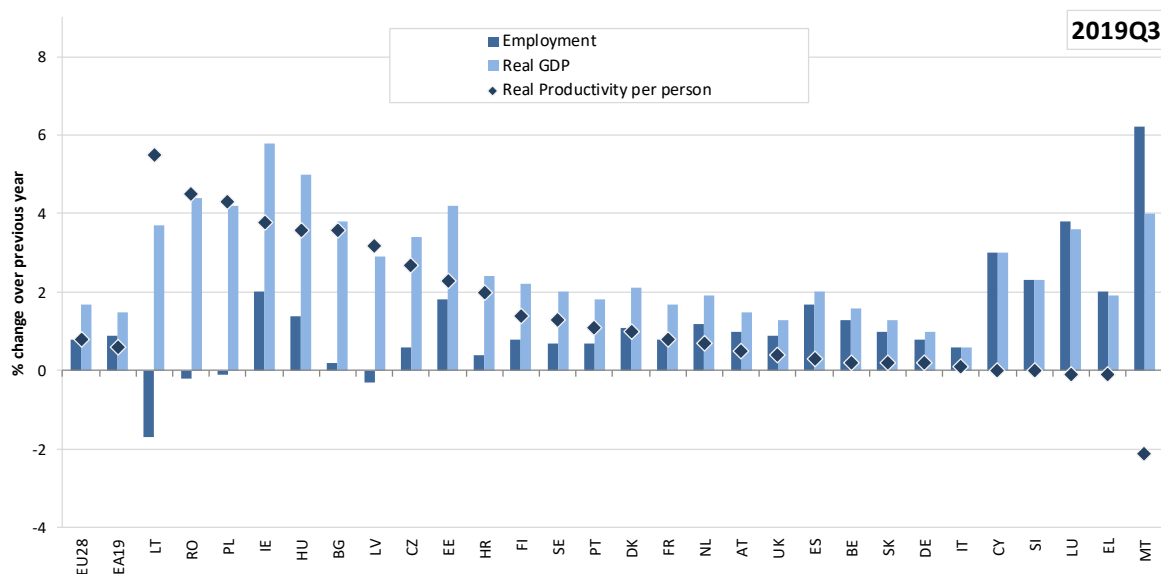
Note: Labour productivity measured as GDP in constant prices per employed person

[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 all the Member States but three (Luxembourg, Greece and Malta) the year-on-year productivity growth registered in 2019 Q3 was positive. However, 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 gains in productivity played a less important role (Chart 32).

Chart 32: GDP, employment and labour productivity growth – EU, euro area and Member States



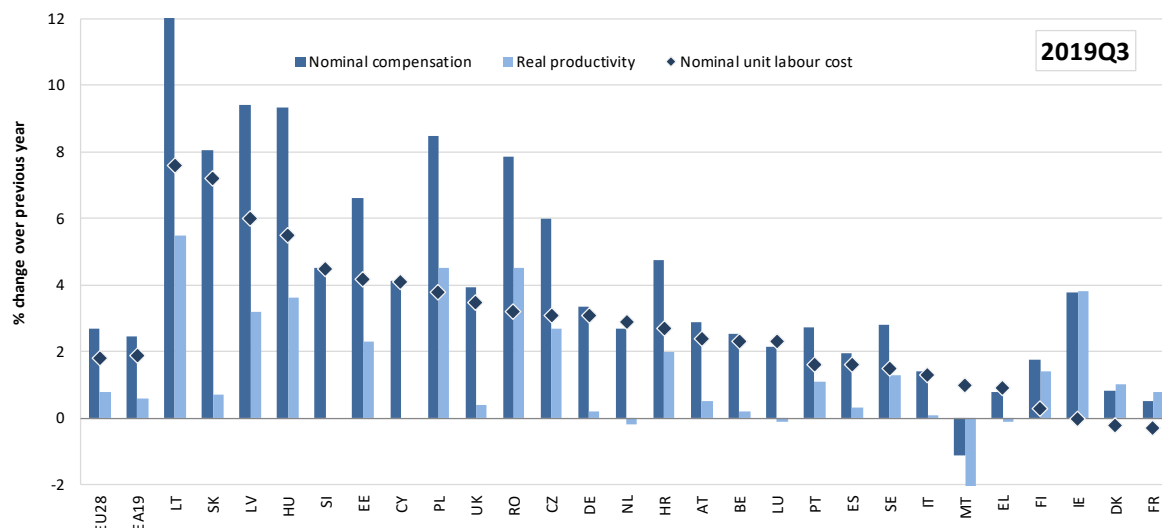
Source: Eurostat, National Accounts, unadjusted data [namq_10_pe, namq_10_gdp]

Note: Labour productivity is measured as GDP per employed person. Data for several countries refer to 2019Q2. [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 growth rate registered in 2019 Q3 compared to the same period of the previous year was 2.7% in the EU and 2.5% in the euro area. Nominal compensation per employee (as measured in national currency) grew in all EU Member States but Malta. In Lithuania, Slovakia, Latvia, Hungary and Poland there was a strong growth (8% or more). Nominal unit labour costs (a measure of cost-push inflationary pressures) recorded an increase of 1.8% in the EU and of 1.9% in the euro area. In Lithuania, Slovakia, Latvia and Hungary the rise was above 5%. France and Denmark saw a decrease, as productivity growth was stronger than the growth in compensation per employee (Chart 33).

Chart 33: 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 several countries refer to 2019Q2. No nominal compensation data for BG.

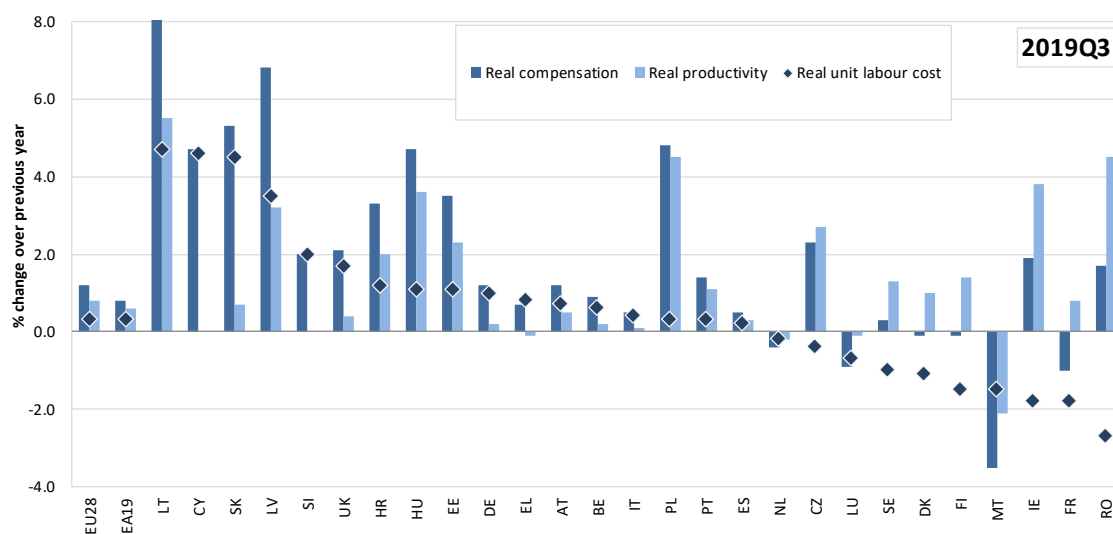
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Real unit labour costs increases slightly in the EU

In the third quarter of 2019, real unit labour costs⁹ increased by 0.3% both in the EU and in the euro area compared with the same quarter of the previous year. Lithuania, Cyprus and Slovakia saw the strongest (above 4%) 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 ten Member States, and in some of these (Romania, Czechia, Ireland and Sweden) real increases in compensation per employee were accompanied by lower real unit labour costs (Chart 34).

⁹ This indicator measures the gap between real compensation per employee and labour productivity, which is also a measure of the labour income share.

Chart 34: Growth in real unit labour cost – EU and Member States



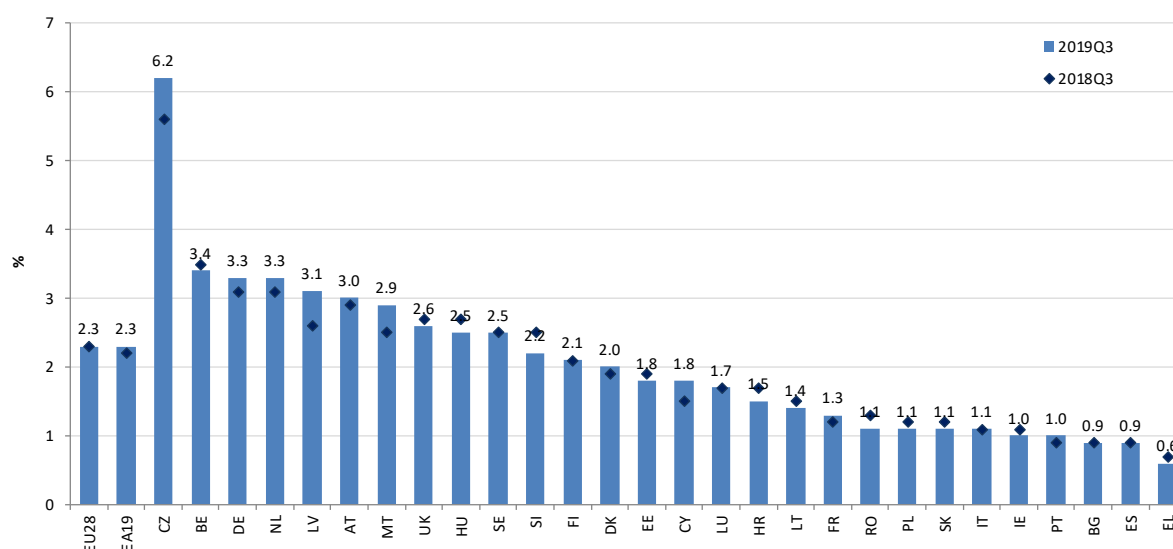
Source: Eurostat, National Accounts, unadjusted data [namq_10_lp_ulc, namq_10_gdp] (DG EMPL calculations)
 Note: Data for several countries refer to 2019Q2. No nominal compensation data for BG.
[Click here to download chart.](#)

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

The job vacancy rate remains at record high, with large differences among Member States

The unmet demand for labour, as expressed by the job vacancy rate¹⁰ has been broadly rising in the EU since the end of 2014, but has been stable in the last five quarters. In the third quarter of 2019, it stands at 2.3% both in the EU and in the euro area (+0.1pp compared to the same quarter of the previous year in the euro area)¹¹. These are the highest values registered since 2006. The job vacancy rate ranged from 0.6% in Greece to 6.2% in Czechia and increased in several Member States year-on-year, with the highest increase recorded in Czechia (+0.6pp). By contrast, it decreased slightly in twelve Member States, although in most cases by 0.1pp only (-0.3pp in Slovenia and -0.2 in Croatia, Hungary and Romania) (Chart 35).

Chart 35: Job vacancy rates – EU, euro area and Member States



Source: Eurostat, Job Vacancy Statistics, seasonally adjusted 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 BE, BG, CY, DK, EE, EL, ES, FI, IE, HU, HR, LT, LU, LV, MT, PL, PT, SE and SK refer to 2019Q2/2018Q2, while for the other Member States data refer to 2019Q3/2018Q3.

[Click here to download chart.](#)

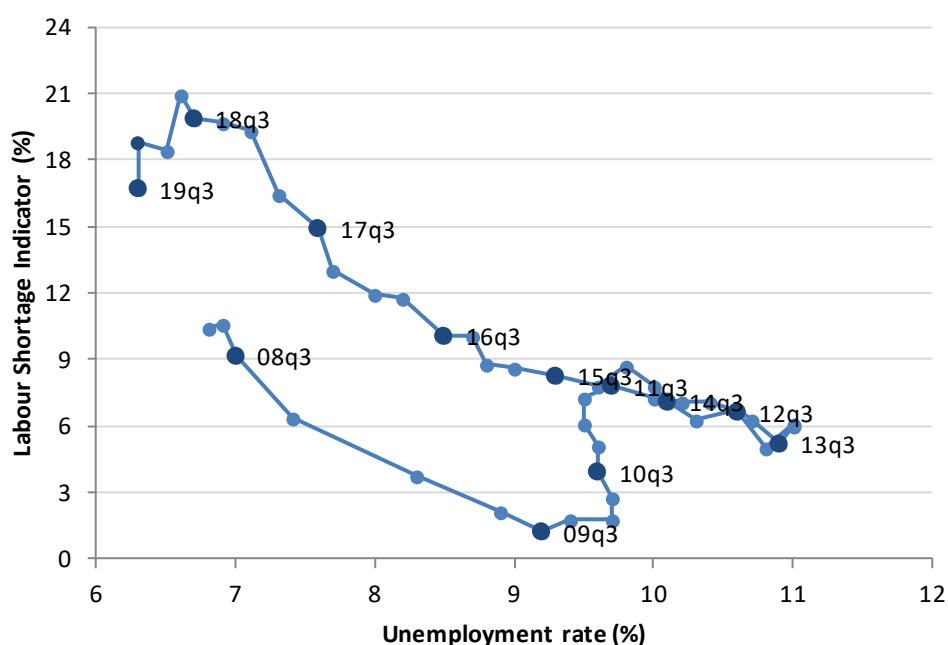
¹⁰ The Job Vacancy rate is number of job vacancies divided by the sum of occupied posts and job vacancies.

¹¹ While EU and EA averages are available for 2019 Q3, the latest observation is 2019 Q2 for most individual Member States.

Labour shortages decrease while unemployment remains stable

In the third quarter of 2019, the unemployment rate remained stable at 6.3% and, for the second time since the third quarter of 2015 (first time was in the first quarter of 2019), the labour shortage indicator registered a decline (16.7%; -3.2pp compared to same quarter of the previous year) (Chart 36). Even if it has still to be confirmed, the Beveridge curve, which plots the unemployment rate against an indicator of unfilled jobs¹², seems to show a new trend. The current value of the labour shortages indicator is still well above pre-crisis levels, suggesting that, at the EU level, despite a decrease, labour shortages are still seen as a major drag on economic growth. However, the indicator varies widely between countries. The Statistical Annex presents the Beveridge curves for EU Member States.

Chart 36: Beveridge curve – EU, 2008-2019



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.](#)

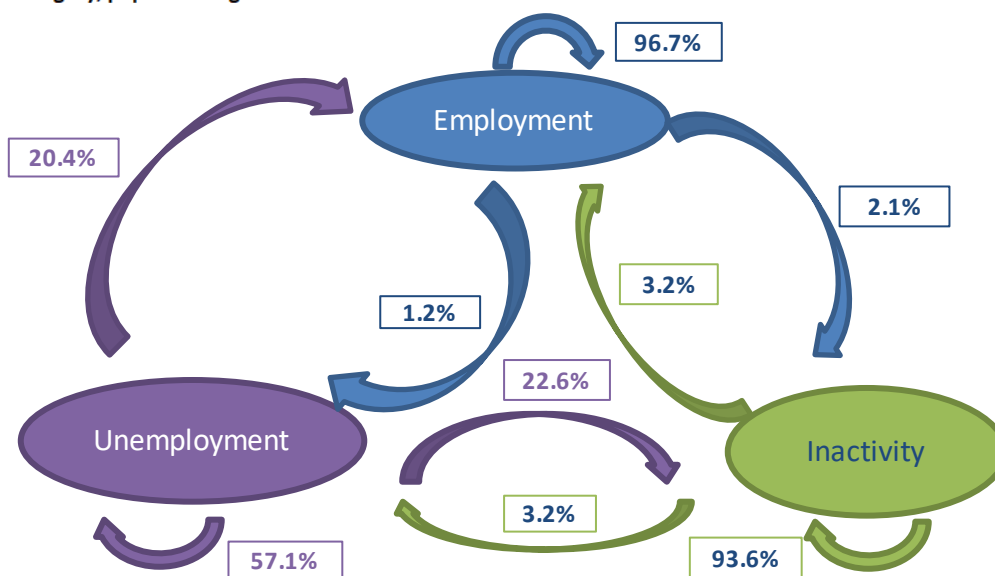
¹² The indicator presented here is published as part of the EU Business and Consumer Surveys. It reflects to what extent businesses see the availability of labour as a factor that limits production. At the same time, another indicator, the job vacancy rate, has been stable at 2.3% (Chart 38).

Stability in employment and exit from unemployment are high

In the second quarter of 2019, at EU level (Germany is not included), the transition rates from a status on the labour market to another remained similar to those of one year earlier. 96.7% of the people in employment in the first quarter of 2019 are still working in the second quarter. In the same period, 20.4% of the unemployed were back to work, while 22.6% of the same group moved to inactivity. 6.4% of the inactive people changed their status, half to employment (3.2%) and half to unemployment (3.2%) (Chart 37).

Chart 37: Labour market transitions – EU, 2019Q2

% of each category; population aged 15-74



Source: Eurostat, LFS longitudinal data [Ifsi_long_q]. Data seasonally adjusted.

Note: No data for DE (excluded from the aggregate). The stocks are different in each category. Consequently, the percentages cannot be compared across categories.

[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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