

EUROPEAN UNEMPLOYMENT REACHES A HISTORIC HIGH

The EU27 unemployment rate rose again by 0.1 pp in October, reaching a historic high of 9.8%, driven by a rise in male unemployment. A steadily rising trend has been observed since the spring (+0.4 pp or 870 000 people on March). With more than 23.5 million unemployed (16.3 million in the euro area), the EU unemployment rate is at its highest since the early 1990's. Recent changes have had a particularly negative impact on the labour market in some Member States while developments remained more favourable in a few others, again widening the gap between Member States.

Overall summary of the situation:

- Unemployment has risen steadily since spring 2011 and has reached a historic high. Long-term unemployment is also rising.
- Youth unemployment has worsened too at an unprecedented rate.
- A growing number of European consumers expect unemployment to rise in the months ahead. Managers expect employment to shrink in the tertiary sector and in construction but not in industry.
- Growth is stable in online hiring activity and temporary work is flattening, while restructuring, though it is moderating, continues to cut net jobs

A few countries are still benefiting from a fall in unemployment, while the decrease has stalled in several other Member States

Between September and October, unemployment rates in Germany (-0.2 pp to 5.5%) and Belgium (-0.1 pp to 6.6%) have remained on a downward trend, as also in Hungary (-0.1 pp to 9.8%). The latest data available for the Baltic States show an ongoing decrease in Estonia (-1.4 pps to 11.3% from June to September) and Lithuania (-0.5 pp to 15%). Chart 1 shows changes over the year.

Some countries, which already had a better unemployment rate than the EU average, have benefited from a steady decrease since spring 2010. Yet the situation is now stabilising in most of them and unemployment even picked up slightly on the previous month in Austria (+0.2 pp to 4.1% compared to September), the Czech Republic (+0.1 pp to 6.7%), the Netherlands (+0.3 pp to 4.8%) and Sweden (+0.2 pp to 7.5%).

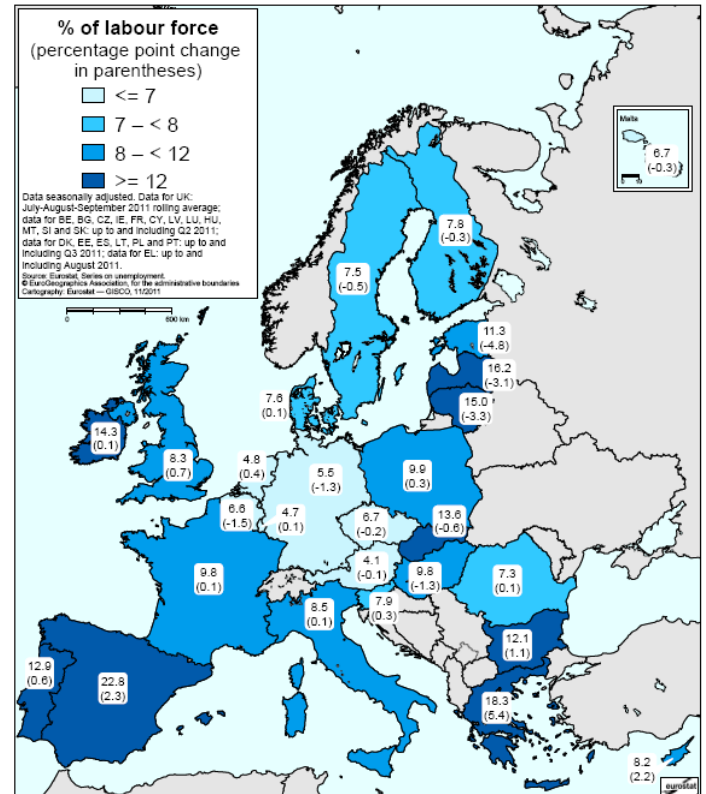
Deterioration is continuing in others and is particularly harsh in some, mostly peripheral, Member States

Between July and October, the number of unemployed increased in Italy (+85 000) and Poland (+44 000), while a dramatic rise was noted in the UK (+112 000 in August compared to May).

Unemployment has remained on a worrying upward trend in Spain, with again a new historic high in October (+0.3 pp to 22.8%). Spain accounts for more than one fifth of the total jobless in the EU. The latest data for Greece also point to a fast deterioration, with more than 900 000 unemployed in August, equivalent to 18.3% of the labour force. Ongoing deteriorations have also been recorded in other peripheral Member States: in Bulgaria (+0.2 pp on

September, to 12.1% in October), Cyprus (+0.3 pp to 8.2%), Slovakia (+0.1 pp to 13.6%). In September, the situation stabilised in Ireland, where the unemployment rate still stands at 14.3%.

Chart 1: Unemployment rates, October 2011 and unemployment rate changes October 2010-October 2011 in brackets



EU youth unemployment worsens and hits a historic high

The situation for the young is worsening, as the youth unemployment rate rose by 0.2 pp between September and October, to 22%. At close to 5.5 million, the number of young unemployed reached a historic high. Three countries record a youth unemployment rate below the 10% mark: the Netherlands (8.2%), Germany (8.5%) and Austria (9.1%). Most countries (eighteen) are reporting a youth unemployment rate well above 20%, while a steady deterioration over the year pushed some countries to unprecedented peaks, the highest being Spain (+6.3 pps to 48.9%) and Greece (+12.1 pps in August to 45.1%). Around 30% see Portugal (+2.6 pps to 30.4%), Ireland (+1.3 pps to 30.2%), Italy (+1.5 pps to 29.2%), Poland (+3.3 pps to 27.2%) and Bulgaria (+2.5 pps to 27.2%).

Unemployment is lasting longer

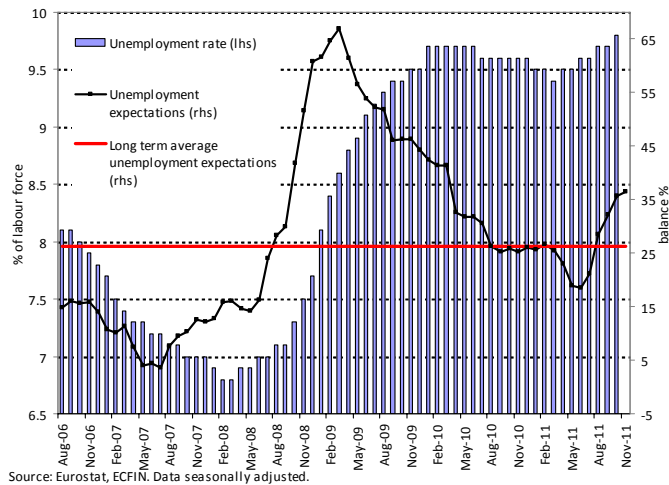
The number of people unemployed for more than a year (long-term unemployed) has been steadily growing for the last two years. At the European level 43% of jobless people are long-term unemployed.

A growing number of European consumers expect unemployment to go on rising, while employment prospects are weakening in most sectors

In November, unemployment expectations (Chart 2) worsened again in the EU as a whole and in most Member

States. Over the last few months, prospects have rapidly deteriorated in some Member States. Except in Germany, Estonia and Latvia, most European consumers expect unemployment to rise more or less sharply in the months ahead. Among managers, employment expectations in industry for the next three months have weakened but remain fairly optimistic in most Member States. On the other hand, managers remain rather pessimistic about employment in the retail trade and even more pessimistic in the services, financial and construction sectors (Chart 3).

Chart 2: Unemployment rate and unemployment expectations over the next 12 months in the EU

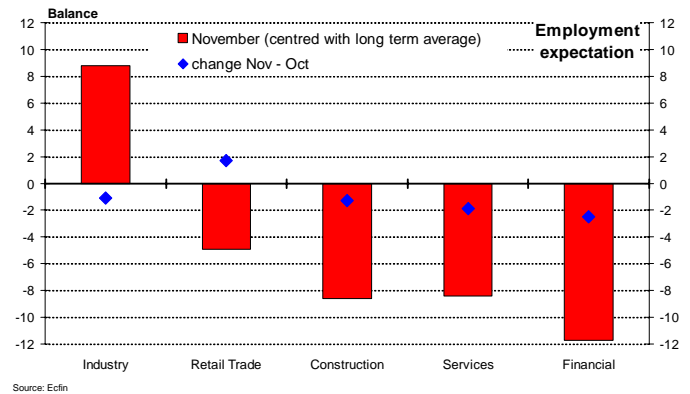


Growth in on-line job demand is stable while temporary agency work is slowing down dramatically...

The Monster Employment Index Europe posted a yearly growth of 14 % in November, matching October's growth rate. Germany is the only country to exhibit strong annual growth of 30 %, followed by the UK (8 %). Conversely, Belgium, Italy and the Netherlands are now exhibiting declines. Engineering remains the best performing industry across Europe for the third consecutive month, while the public sector matches last month's rate of annual decline and remains the most negatively trending sector. The agency work industry in Europe grew by 4.7% in August 2011 compared with the same period in 2010. The sector has experienced seventeen months of continuous growth, while the recovery in the sector's activity has continued at a slower pace recently. The temporary agency work business grew more moderately in September 2011, according to Eurociett (+4.2 at European level, against 20.3% in September 2010). In terms of hours worked, Poland posted a 14.0% increase over the year, followed by Italy (11.2%). After the considerable rises recorded until the spring, the agency work business slowed down

dramatically in Germany, Belgium, France and the Netherlands, which recorded annual growths of respectively 1.2, 3.3, 5 and 5% in September.

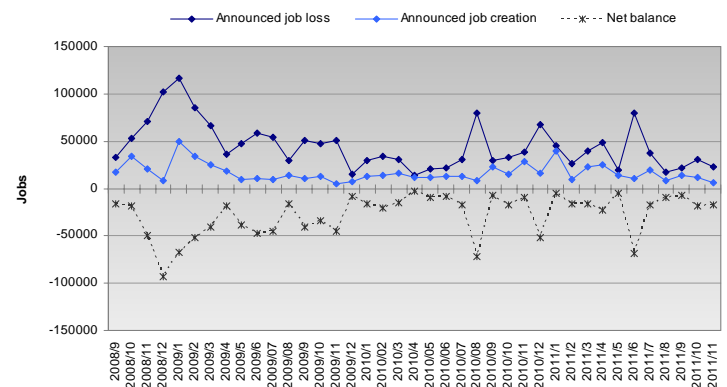
Chart 3: Employment expectations over the next three months in the EU



... and restructuring activity led to more job losses

There was a slight decrease in the restructuring activity reported in the European Restructuring Monitor (ERM) in November 2011, compared to the previous month. The ERM recorded 23 182 restructuring-related announced job losses and 6 395 announced new jobs (less than in October, resp. 30 574 and 11 694), in a total of 66 cases. The balance is clearly negative (-16 787, see Chart 4). The Member State with the largest announced job losses was Italy (7 650 jobs lost), followed by Germany (3 710), France (3 371) and Bulgaria (2 000). Manufacturing (9 314) and financial intermediation (8 253) were the sectors the most affected by announced job losses, followed by transport and communications (3 515) and retail (1 400). Manufacturing (2 681 jobs gained) and real estate/business activities (2 674) accounted for the majority of business expansion.

Chart 4: Restructuring trends



Key labour market indicators for the EU27 (age 15-74)

EU27	Year (annual average)				Month (Seas. Adjusted data)			Monthly		Annual	
	2000	2008	2009	2010	2010 Oct	2011 Sep	2011 Oct	Number Or pps	%	Number Or pps	%
Unemployment (1000)	19 528	16 829	21 525	23 158	23 114	23 424	23 554	130	0.6	440	1.9
Males	9 733	8 715	11 852	12 690	12 575	12 548	12 691	143	1.1	116	0.9
Females	9 795	8 114	9 674	10 468	10 538	10 877	10 864	-13	-0.1	326	3.1
Less than 25	4 999	4 217	5 234	5 333	5 260	5 428	5 482	54	1.0	222	4.2
Unemployment rate (%)	8.7	7.1	9.0	9.7	9.6	9.7	9.8	0.1	-	0.2	-
Males	7.8	6.7	9.1	9.7	9.6	9.6	9.7	0.1	-	0.1	-
Females	9.8	7.6	9.0	9.6	9.7	9.9	9.9	0.0	-	0.2	-
Less than 25	17.3	15.8	20.1	21.1	20.9	21.8	22.0	0.2	-	1.1	-