

TAKING STOCK (AND FLOW) OF UNEMPLOYMENT RATES



European Employment and Social Outlook
Quarterly review – July 2026

The European Employment and Social Outlook Quarterly Review provides an in-depth analysis of recent labour market and social developments. It is prepared in the Directorate “Employment and Social Governance, Analysis” of the Directorate-General for Employment, Social Affairs and Inclusion by the “Analysis and Statistics” unit. The main contributor for part I is Daniela Cinova. The main contributor for part II is Thimo De Schouwer.

A wide range of information sources were used to produce this report, including Eurostat statistics (from <https://ec.europa.eu/eurostat/> unless otherwise stated), reports and survey data from the Commission’s Directorate-General for Economic and Financial Affairs as well as EU-SILC scientific use files. Charts and tables in part I are based on the latest available data as of 02/07/2026.

More reports, additional data and charts are available on the employment and social analysis portal:

https://employment-social-affairs.ec.europa.eu/policies-and-activities/analysis-evaluation-impact-assessment-and-databases/employment-and-social-analysis_en

Comments and questions can be sent to: EMPL-STATISTICAL-TEAM@ec.europa.eu

LEGAL NOTICE

Manuscript completed in July 2026.

Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use that might be made of the following information. More information on the European Union is available on the Internet (<http://www.europa.eu>).

Luxembourg: Publications Office of the European Union, 2026

PDF ISBN 978-92-68-41021-9 ISSN 1977-8317 doi: 10.2767/2474574 KE-01-26-074-EN-N

© European Union, 2026

Reuse is authorised provided the source is acknowledged. The reuse policy of European Commission documents is regulated by Decision 2011/833/EU (OJ L 330, 14.12.2011, p. 39). For any use or reproduction of photos or other material that is not under the EU copyright, permission must be sought directly from the copyright holders.

European Employment and Social Outlook – Quarterly Review

LABOUR MARKET DEVELOPMENTS

In Q1 2026, GDP declined for the first time since Q4 2022, falling by 0.1% QoQ. The decline was largely driven by Ireland, where GDP fell by 12.1% QoQ, as pharmaceutical multinationals reduced exports that had been front-loaded in 2025 ahead of the US tariffs¹. Beyond Ireland, GDP fell in only three Member States (-0.3% in Lithuania, -0.2% in Sweden, -0.1% in France) and remained stable in four, a pattern consistent with developments in previous quarters.

-0.1% (q-o-q)

Real GDP growth
MS: ↑ 19 | → 4 | ↓ 4

221.2M +97k (q-o-q)

Employment
MS: ↑ 18 | → 2 | ↓ 7

6.0% 0.0 (q-o-q)

Unemployment rate (15-74)
MS: ↑ 13 | → 5 | ↓ 9

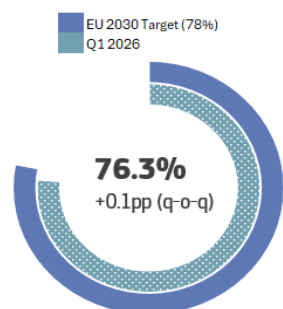
Notes:

MS = Member State

↑ = increase, → = no change,

↓ = decrease

q-o-q = quarter-on-quarter



Employment rate (20-64)

10 Member States reached their national target

Q4 2025: CY, CZ, EE, EL, IE, NL, PL, PT, SK
Q1 2026: CY, CZ, EE, EL, IE, NL, PL, PT, SK, SE

The employment rate reached a new record high of 76.3% in Q1 2026, approaching the EU's 2030 target of 78%². Ten Member States reached or exceeded their national targets (nine in the previous quarter). The largest improvements were observed for those aged 55-64. There was however a deterioration for people with low education levels. Employment expanded in agriculture (+0.6% QoQ), ending six consecutive quarters of contraction, but declined in manufacturing (-0.6% QoQ) and information and communication (-0.5% QoQ). Manufacturing has lost around 850,000 jobs since its 2019 peak. Meanwhile, ICT employment, after growing for over a decade, edged downward over the last four quarters. This may point towards early AI impacts.

Employment growth stalled in Q1 2026. Over the last 6 years, employment growth gradually declined from 1% QoQ in Q3 2021 to 0.1-0.2% throughout 2025, reaching 0% QoQ in Q1 2026. Overall, employment growth is projected at 0.3% YoY in 2026. This is consistent with a softening of labour demand already underway before the Middle East conflict, as evidenced by declining job vacancies and hiring rates³. Similarly, hours worked also declined by 0.3% QoQ in Q1 2026.

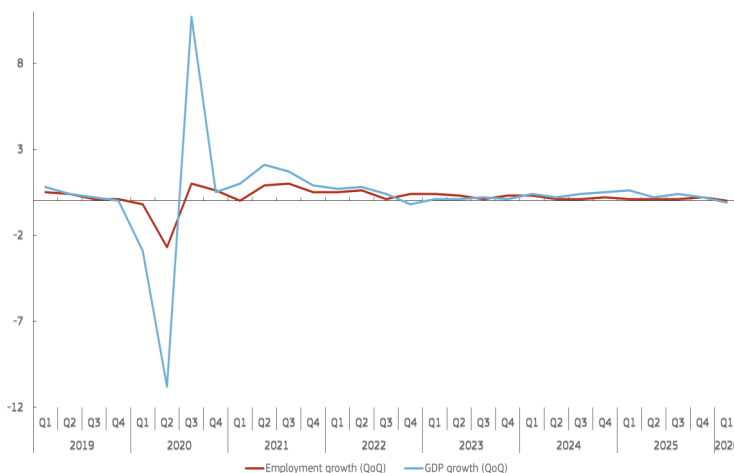
Economic sentiment weakened in Q2 2026, reaching its lowest level since Q3 2023, driven by the outbreak of the conflict in the Middle East.

Labour productivity growth slowed down, growing by 0.1% in Q1 2026 (year-on-year), down from 0.8% in Q4 2025. The slowdown was driven largely by Ireland (-16.9%) given the sharp contraction in GDP, but also by labour hoarding, with firms retaining workers despite weaker output⁴.

Unemployment remained at its historical low. In Q1 2026, the unemployment rate remained at 6.0% and slightly decreased to 5.9% in May 2026. Small deteriorations were recorded for people with low educational attainment and for EU mobile workers.

Cut-off date: 2/7/2026

Figure 1: Employment growth vs GDP growth, QoQ, EU-27



Source: Eurostat [namq_10_a10_e]



Visit the [interactive version](#) for more insights and up-to-date figures

SOCIAL OUTCOMES

In May 2026, inflation rose to 3.3%, up from 2.1% in February. This reflected accelerating energy prices from the oil shock, rising services inflation and continued expansion of food prices. Flash estimates for June 2026, however, show inflation easing to 2.8%, as energy inflation dropped to 8.7% (from 10.8%) and services and food inflation also slowed slightly. House prices and rents continued to increase in Q1 2026, up by 1.2% and 0.7% QoQ respectively, and by 5.1% and 3.0% YoY.

The financial distress indicator has stalled since March 2026. After improving steadily from 2023 through early 2026, the indicator reached its lowest level in March and has since edged up slightly, from 14.3% to 14.4%, coinciding with the February oil price shock. The mild increase has hit lower-income households hardest: in June 2026, 25% of people in the lowest income quartile (up from 24.7% in March) and 15.6% in the second quartile (up from 15.4% in March) experienced financial problems.

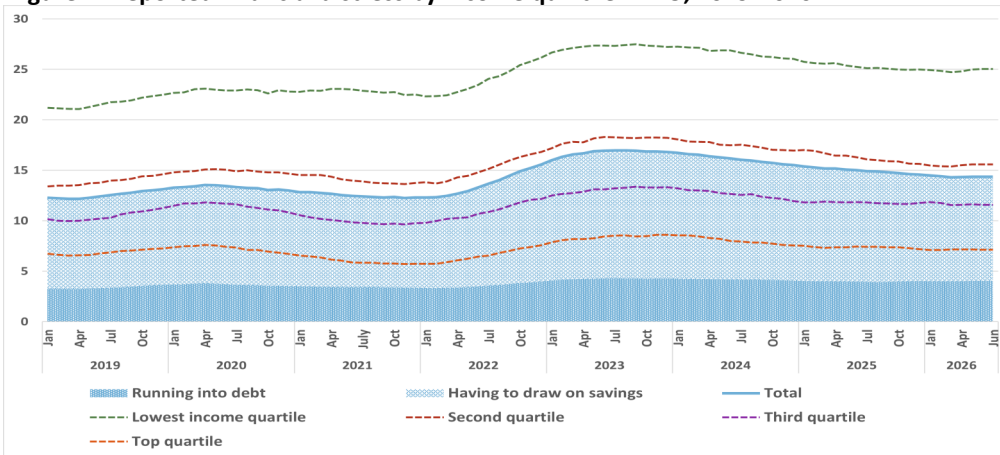
+3.3% Annual rate of change
Inflation rate
MS: ↑6 | → 8 | ↓13

+0.9% y-o-y change
Real GDHI growth
MS: ↑13 | ↓4

101.0 -0.1 (q-o-q)
House price-to-income ratio
Standardised, adj. income

Notes:
MS = Member State
↑ = increase, → = no change, ↓ = decrease
y-o-y = year-on-year
q-o-q = quarter-on-quarter
GDHI growth rate not available for 10 Member States.
House price ratio is for Q3

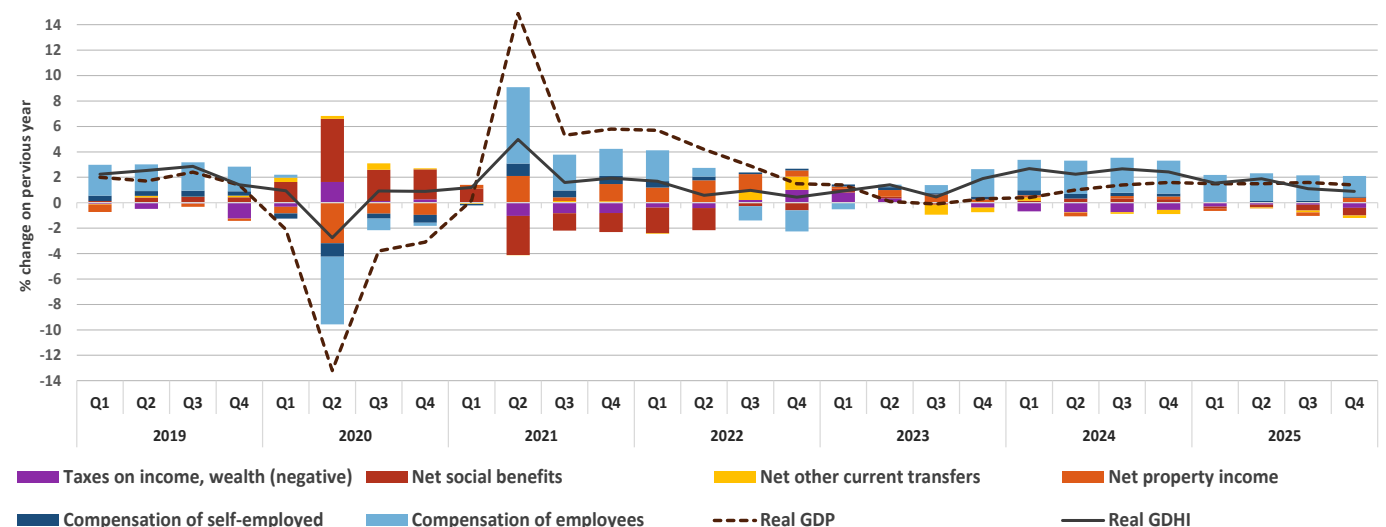
Figure 2: Reported financial distress by income quintile — EU, 2019-2026



Source: European Commission, Business and Consumer Surveys, 12-months moving average (DG EMPL F.4 calculations)

Real gross disposable household income (GDHI) grew by 0.9% in Q4 2025, less than GDP (1.4%) for the third consecutive quarter (both figures year-on-year). GDHI growth continued to be supported by increases in compensation of employees. On the other hand, reductions in net social benefits and increases in taxes on income and wealth reduce its growth.

Figure 3: Real GDP growth, real GDHI growth and its main components



Source: Eurostat, National Accounts [nasq_10_nf_tr and namq_10_gdp]. Data non seasonally adjusted.



Visit the [interactive version](#) for more insights and up-to-date figures

ANNEX — Selected indicators: EU

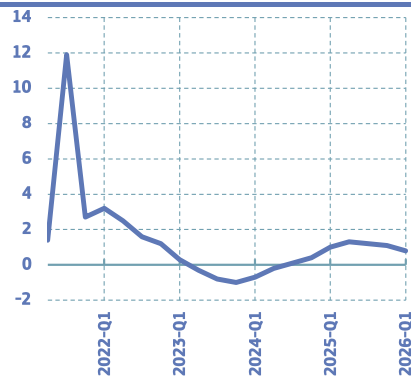
A.1. Real GDP growth (q-o-q, %)*

Source: Eurostat, [namq_10_gdp]



A.2. Real labour productivity growth (y-o-y, %)*

Source: Eurostat, [namq_10_lp_ulc]



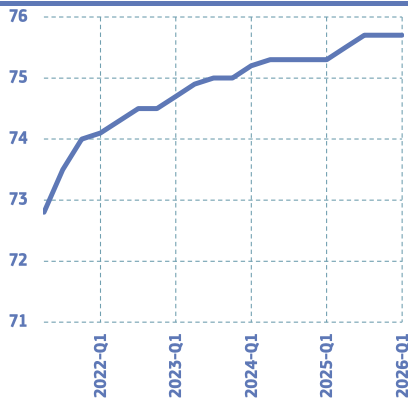
A.3. Employment growth (q-o-q, %)*

Source: Eurostat, [namq_10_a10_e]



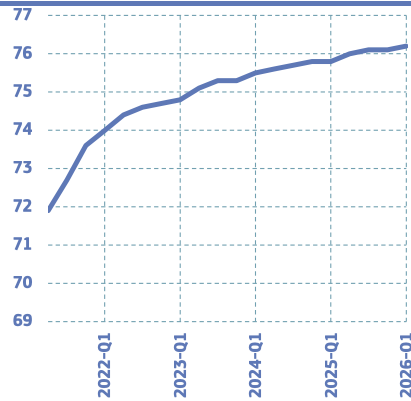
A.4. Labour market participation rate (15-64) as a share of total population (%)**

Source: Eurostat, [lfsi_emp_q]



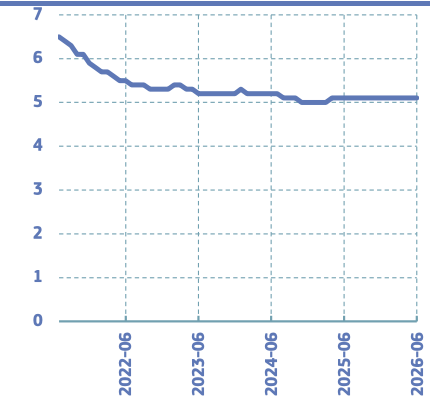
A.5. Employment rate (20-64) as a share of total population (%)**

Source: Eurostat, [lfsi_emp_q]

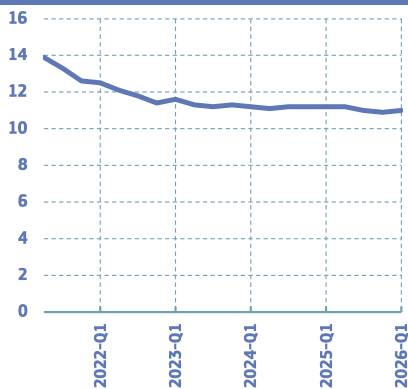


A.6. Unemployment rate (15-74) as a share of population in the labour force (%)**

Source: Eurostat, [une_rt_m]

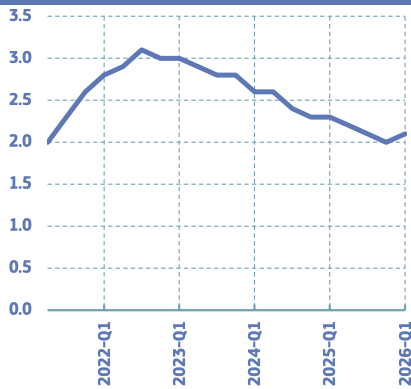


A.7. Young people (15-29) neither in employment nor in education or training as a % of the same age group (%) - Source: Eurostat, [lfsi_neet_q]**



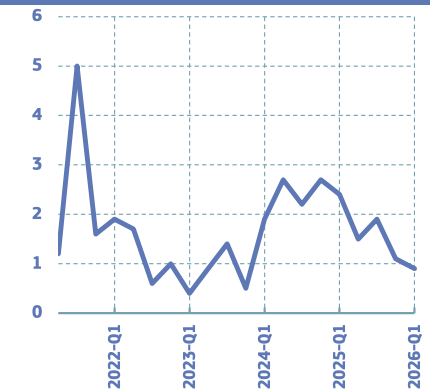
A.8. Job vacancy rate (%)**

Source: Eurostat, [jvs_q_nace2]



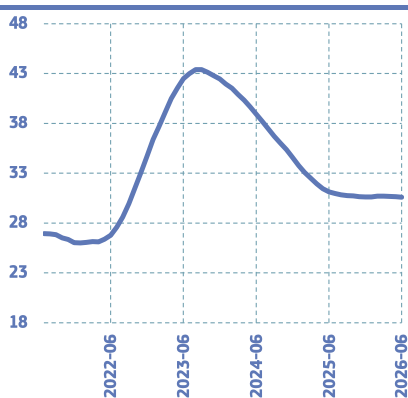
A.9. Real Gross Disposable Household Income (GDHI) growth (yoy, %)*

Source: Eurostat, [nasq_10_nf_tr; namq_10_gdp]



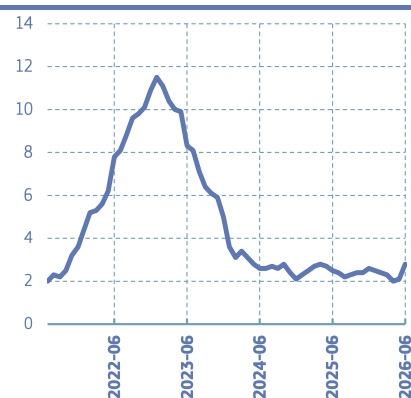
A.10. Financial distress (%)

Source: European Commission, Business and Consumer Surveys, 12-month moving average

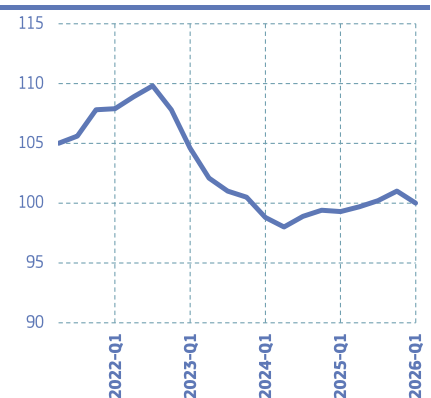


A.11. Inflation rate (annual rate of change, %)

Source: Eurostat, [prc_hicp_manr]



A.12. Price-to-income ratio, standardized, adj. income - Source: European Commission, Housing market database



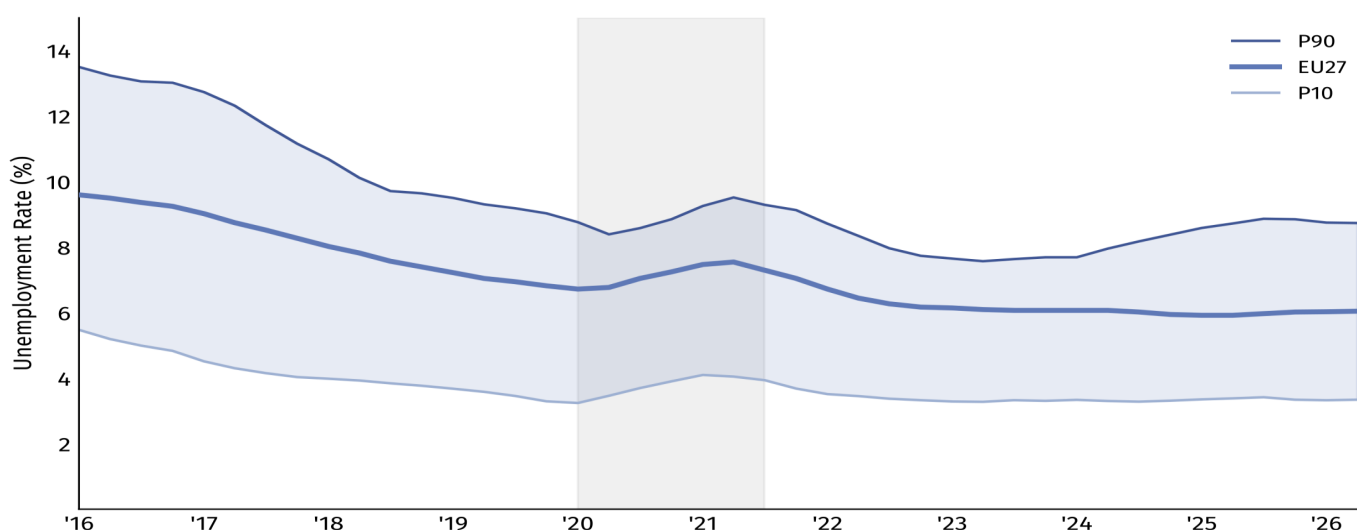
* Seasonally and calendar adjusted; ** Seasonally, not calendar, adjusted.

Thematic focus: Taking Stock (and Flow) of Unemployment Rates

Background

The unemployment rate across the European Union has fallen to historic lows. After years of persistent decline, the average unemployment rate is now around 6%, down from nearly 12% at its peak in 2013. Looking ahead, the Spring 2026 Economic Forecast⁵ expects that the unemployment rate will remain at 6% in 2026 and 2027. To better understand this sustained low level, this thematic focus first takes stock of how unemployment evolved over the past decade, and then examines how the underlying worker flows have changed. This reveals whether changes in the unemployment rate reflect differences in how quickly people find work, how often they lose their jobs, and how many people move into and out of the labour market. The analysis provides further insights into how, not just whether, labour markets are changing.

Figure 1. Trends in Unemployment



Note: The bold line shows the EU27 aggregate unemployment rate of 15 to 74-year-olds. The lines at the outer ends of the shaded area indicate the unemployment rates in the 10th and 90th percentile ranked Member States. Time series are smoothed with a four-quarter moving average. Data are from the Eurostat series `une_rt_q`.

A single downward trend conceals large differences in how unemployment evolved across Member States. A decade ago, national unemployment rates ranged from around 3 to almost 25%, now they vary between 3 and 11%. Figure 1 illustrates this convergence, showing how the difference in unemployment rates between the 10th and 90th percentile Member State decreased from more than 8 to just 5 percentage points. This has been primarily driven by two movements in opposite directions. In southern Europe, unemployment has declined substantially over the last ten years, as Member States recovered from the financial and sovereign debt crises. For example, in Greece, the unemployment rate halved, and Spain, Italy, Cyprus, and Croatia have also recorded substantial reductions. In northern Europe, unemployment has recently increased in some Member States, like Sweden, Finland, and Denmark, mainly reflecting weaker demand and economic growth. The differences elsewhere are smaller and more mixed, but the unemployment rate generally declined across western, central, and eastern Europe.

The aggregate decline in unemployment in recent years is mostly due to people finding work faster, and workers losing their jobs less often. Across many Member States, like Greece, Spain, France, and Ireland, unemployed people are finding jobs faster than they did before the pandemic. This accounts for a large part of the overall decline in unemployment, and reflects stronger labour demand and faster economic growth across many of these countries. The second main contributor is fewer job losses, which is particularly important in southern European countries, like Cyprus, Italy, and Spain. In countries where unemployment has risen, such as Romania, Sweden, and Estonia, the drivers are more diverse, and generally reflect weaker economic conditions. In some cases, these lead to more frequent job losses. In others, more people entered the labour force to look for work than the economy could absorb.

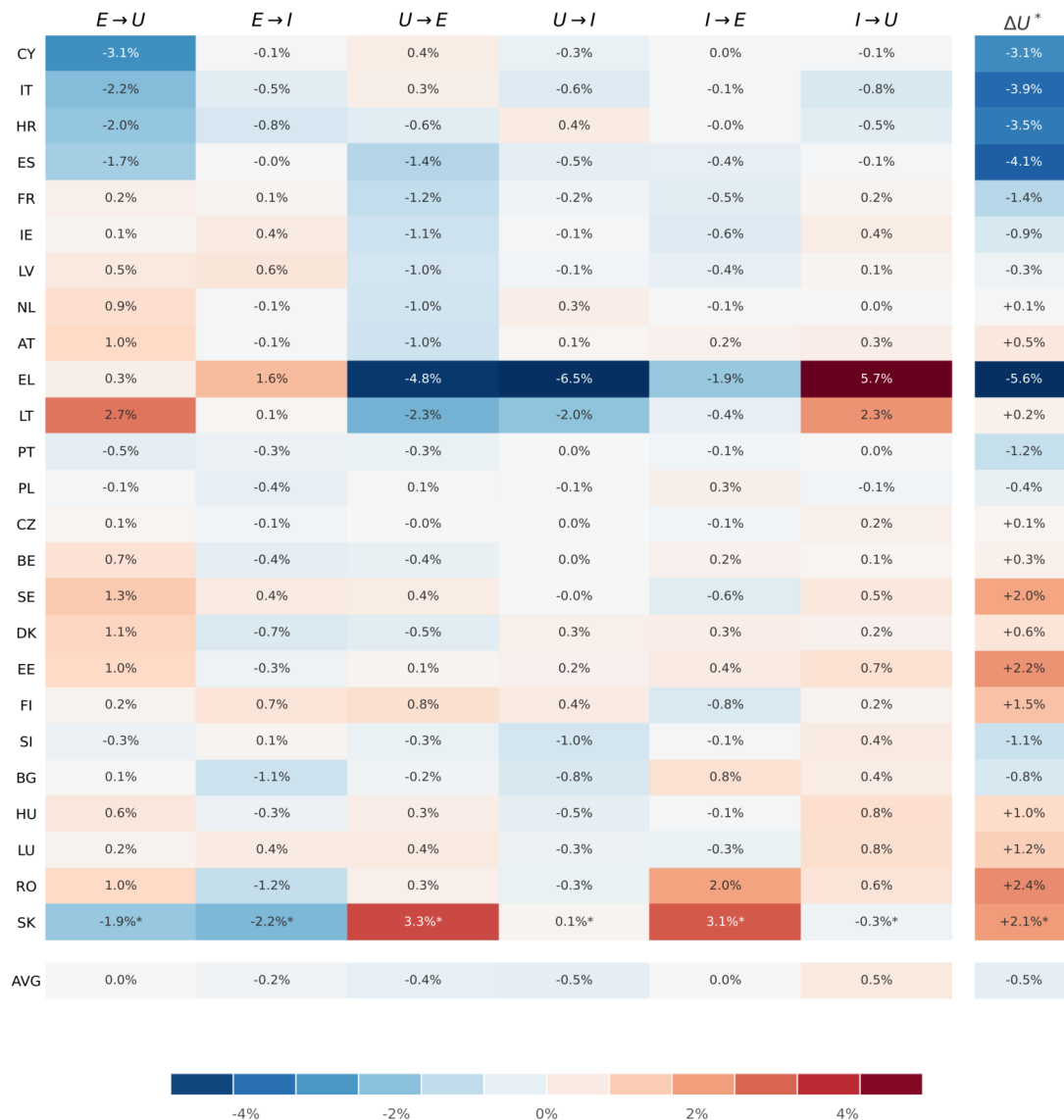
1. The Anatomy of Changes in Unemployment

A change in the unemployment rate can be caused by very different underlying dynamics. To shed light on these patterns, this section decomposes the change in the unemployment rate⁶ between the pre- (2017Q1 to 2019Q4) and post- (2023Q1 to 2025Q4) pandemic periods into contributions of different flows. Intuitively, the rate rises when more people become unemployed than leave unemployment. The change between two periods thus depends on the flows between employment (E), unemployment (U), and being out of the labour force (I). These flows are measured as transition rates: the share of people that move from one state to another in each quarter. The decomposition attributes the overall change in the unemployment rate to changes in each of these flows, accounting for how they interact (see Box 1). Comparing the pre- and post-pandemic periods is deliberate. The pandemic itself was a period of major disruption, during which large-scale support measures kept many workers in jobs, and after which the labour market behaved very differently from before.⁷ This comparison captures the effect of that shift.

The change in the unemployment rate was far from uniform. A few Member States saw large declines, others experienced increases, and most sat within a percentage point either way (Figure 2). But similar headline changes often rested on different combinations of flows. The question is less which single flow moved the unemployment rate than how the flows combined within each country. Two regularities stand out. First, where the unemployment rate declined most, workers found jobs from unemployment faster, and fewer workers entered through job loss. Second, the movement between unemployment and inactivity, though large in places, mostly cancelled out on average. But the gross flows are substantial: each quarter, about a fifth of the unemployed leave the labour force, with broadly as many people moving the other way. A simple split between employment and unemployment would miss these movements.

In many Member States, unemployed people are finding jobs faster than they did before the pandemic. This has reduced the unemployment rate by 0.4 percentage points on average. The effect is most pronounced in Greece, where workers finding jobs faster reduced unemployment by nearly 5 percentage points.⁸ In Spain, France, Ireland, and Lithuania, faster job finding also reduced the unemployment rate by up to 2.3 percentage points. Conversely, in Sweden, Luxembourg, and Finland, workers are finding jobs more slowly, increasing the unemployment rate by up to 0.8 percentage points.⁹ How quickly unemployed people find jobs depends on matching efficiency and how many vacancies firms have available for job seekers. Consistent with this, Member States where unemployed people found work faster are those where the job vacancy rate increased more (Figure 3, Panel 1). Panel 2 shows a weaker relation with GDP growth, which is expected, as growth increases hiring mainly by prompting firms to post vacancies. The flow of workers from unemployment to employment is substantial: across Member States, around a quarter of unemployed people move into employment each quarter. Even moderate changes will thus affect many people.

Figure 2. Decomposing the Change in Unemployment Rates around the Pandemic

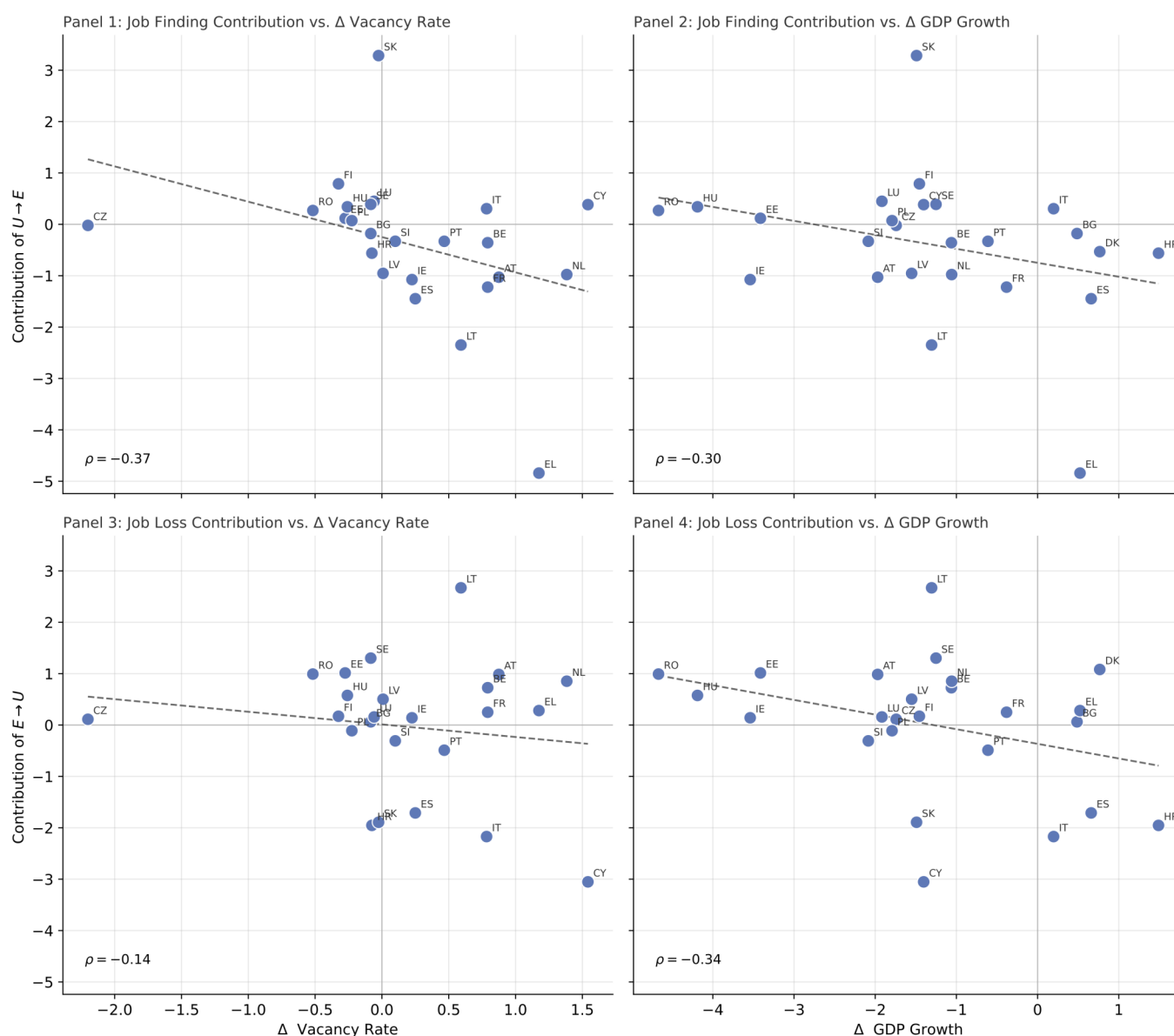


Note: Decomposition of the change in the unemployment rate between the pre- (2017Q1 to 2019Q4) and post- (2023Q1 to 2025Q4) pandemic periods. Each cell shows the contribution of a given flow to the change in unemployment between these periods. Blue cells indicate that the flow pushed the unemployment rate down, while red cells indicate that it pushed the unemployment rate up. The colour thus reflects each flow's contribution to the change in unemployment, not whether the flow itself increased or fell. The final row represents the average across Member States. The rightmost column shows the differ-

Employed workers lose their jobs less often, with the reduction concentrated in southern Europe. The effect is the largest in Cyprus, where fewer job losses push the unemployment rate down by 3.1 percentage points. Spain, Italy, and Croatia show similar but slightly smaller effects of around 2 percentage points. Conversely, in several countries, such as Lithuania, Sweden, Denmark, Estonia, and Romania, more job losses increased unemployment by more than one percentage point. Retaining and finding work depend on different forces. Finding a job depends on the available vacancies, while retaining it does not (Figure 3, Panel 3). Instead, job losses track GDP growth, with firms shedding fewer workers where growth was stronger (Figure 3, Panel 4). The reduction in job losses may further reflect a lasting shift in employers' tendencies to retain, rather than dismiss workers due to ageing

and/or expected labour shortages.¹⁰ This pressure is the sharpest in southern Europe, where ageing populations and relatively low employment rates could make firms particularly reluctant to dismiss their employees.

Figure 3. Labour market flows, vacancies, and GDP growth



Note: Each point is a Member State. The vertical axis is the flow's contribution to the change in unemployment from Figure 2. The top row shows the job-finding contribution () and the bottom row the separation contribution (). The horizontal axis is the change between the pre- and post-pandemic periods in the vacancy rate (left column) and in annualised real GDP growth (right column). Calculations use Eurostat series *lfsi_long_q* (transition flows), *jvs_q_nace2* (vacancies), and *namq_10_gdp* (real GDP).

Compared to before the pandemic, more people outside the labour force began searching, while at the same time more unemployed people left. These flows push in opposite directions, and on average they did not alter the unemployment rate. They are largest in Greece and Lithuania, where they roughly offset. In Greece, more people from outside the labour force began searching, increasing the unemployment rate by 5.7 percentage points. This likely reflects the stronger labour market pulling

pulling in more workers. At the same time, more unemployed people moved out of the labour force, pushing the unemployment rate down by 6.5 percentage points. This may reflect retirement and reforms in the pension system. In Lithuania, the same bidirectional flows pushed the unemployment rate up, and down, by about 2 percentage points. In Slovenia and Bulgaria, the flow from unemployment out of the labour force dominated, reducing the unemployment rate by about 1 percentage point. Both countries also saw an above-average increase in the share of people aged over 65 (Eurostat, 2026). Part of the *withdrawal* may just reflect more older unemployed people entering retirement.¹¹ Conversely, in Hungary, Estonia, and Luxembourg, more people moved from outside the labour force into job search. These are also the countries where growth slowed down, which could explain why the additional searchers did not immediately find work (Figure 3).

In Member States where the unemployment rate has increased, the reasons vary. In Sweden, Estonia, and Romania, the increase is driven primarily by workers losing their jobs more often, which may be related to slower growth. In Finland, two forces raise the unemployment rate. First, unemployed people are finding jobs more slowly. Second, more employed workers left the labour force, and because some later resumed searching, this added to the unemployment rate. Both likely reflect the lower vacancy rate and slower GDP growth.¹²

2. Conclusion

This thematic focus examined which flows have changed the unemployment rate since the pandemic. The aggregate decline masks substantial heterogeneity, as Member States evolved in opposite directions. These different paths in turn reflect different changes in the underlying flows. First, in several Member States, such as Greece, Spain, France, Ireland, and Lithuania, unemployed people found jobs faster. These are also the Member States where vacancy rates generally increased. Second, in southern Europe, workers lost their jobs less often. This greater retention could be driven by tighter labour markets and ageing populations. Finally, more people outside the labour force began actively searching for work, while at the same time more unemployed people left the labour force. These forces offset each other, with no net effect on unemployment on average. In some Member States, this has either increased (Hungary, Estonia, and Luxembourg) or decreased (Slovenia and Bulgaria) unemployment. It is worth repeating that this concerns how changes in the flows affected the unemployment rate, not the overall levels of the flows themselves.

These findings carry important implications. Increased retention of workers, captured by fewer workers moving from employment to unemployment, in southern Europe likely reflects structural forces. As populations age and employment remains relatively low, firms may be reluctant to dismiss workers. These trends may be slow to reverse, and may sustain lower job losses even in a downturn.¹³ The higher rates at which unemployed people are finding jobs, by contrast, are more cyclically sensitive. They are related to higher vacancy rates, which are by now reversing again.

Investment in skills can contribute to improved labour market matching, empower workers, and support economic competitiveness amid structural transformations. Skills investment, as set out in the Union of Skills, works on two fronts: keeping workers employable as the economy shifts, and deepening the pool of skilled labour available when vacancies appear. Public Employment Services play a crucial role in improving job matching efficiency by connecting jobseekers with opportunities, a focus of the Effective Active Support to Employment (EASE) recommendation. Additionally, activating individuals outside the labour force has become increasingly vital to address labour shortages,

particularly in ageing societies. As the cyclical support from high vacancies fades, whether these gains hold will depend increasingly on these structural levers. A better matching of job seekers and vacancies seems particularly important, since the Member States where unemployment rose were also those where new jobseekers entered the labour force faster than the economy could absorb them. The Joint Employment Report and Employment Guidelines carry these priorities into country-specific monitoring and guidance within European Semester (European Commission and Council, 2026).

Notes

¹ See [‘Staggering’ Irish slump pushes Eurozone economy into reverse](#)

² The employment rate of Q4 2025 has been revised downward to 76.2%, from the 76.3% value reported in the [EESO Quarterly of April 2026](#).

³ See [Spring 2026 Economic Forecast: Slowdown in growth as energy shock drives up inflation - Economy and Finance](#)

⁴ See [Spring 2026 Economic Forecast: Slowdown in growth as energy shock drives up inflation - Economy and Finance](#)

⁵ European Economic Forecast. Spring 2026 - Economy and Finance.

⁶ More precisely, this analysis considers steady-state unemployment: the rate that a period's flows would sustain if they were maintained. This does not assume unemployment to be constant in either period. The observed unemployment rate stays close to the steady-state level, so its gradual decline reflects steadily improving flows. The two may differ when stocks are still adjusting to flows. Box 1 provides a discussion.

⁷ See, for example European Commission (2024).

⁸ Note that the flow-implied decline in unemployment (5.6 percentage points) is only part of the 9.8 percentage point fall in observed unemployment. This reflects that the observed unemployment stock has not yet adjusted to the equilibrium that current flow rates would sustain. Figure A1 shows the difference between observed and steady-state unemployment.

⁹ In Slovakia, the increase in unemployment because of slower job finding is very large, at 3.3 percentage points. But Eurostat indicates that the Slovakian flow data is unreliable, and the relation with other variables confirms this.

¹⁰ See, for example European Commission (2024).

¹¹ The analysis captures this transition because it covers ages 15 to 74.

¹² A recent national analysis largely agrees with the decomposition here on the importance of weak demand conditions in Finland (Nelimarkka and Peltonen 2026), though it finds a larger role for inflows from outside the labour force in raising unemployment.

¹³ The retention described here is distinct from cyclical labour hoarding: a structural reluctance to dismiss workers, given ageing and low employment (European Commission, 2024).

Box 1. Decomposition Method

This Box provides a description of the flow decomposition analysis. Broadly, the analysis first follows Shimer (2012) to recover instantaneous labour market flow rates from quarterly transition data. Then, it decomposes changes in steady-state unemployment between the pre- and post-pandemic periods into contributions by each flow.

Data and Conversion. The analysis relies on the quarterly labour market transition probabilities between employment (E), unemployment (U), and inactivity (I) calculated from the Labour Force Survey (LFS) by Eurostat (series `lfslong_q`). All series are seasonally adjusted. These quarterly probabilities are first converted to instantaneous flows. The matrix of transition probabilities is:

$$N_t = \begin{pmatrix} p_{EE} & p_{EU} & p_{EI} \\ p_{UE} & p_{UU} & p_{UI} \\ p_{IE} & p_{IU} & p_{II} \end{pmatrix},$$

where p_{ij} is the probability that a worker observed in state j at the start of the quarter is observed in state i at its end, and each column sums to one. These quarterly transitions understate true flows: within a quarter, workers may pass through several states (for example, $E \rightarrow U \rightarrow E$). As in Shimer (2012), this is addressed by recovering the underlying rate matrix Λ_t . This is computed as the matrix logarithm ($\Lambda_t = \log(N_t)$) using an eigen decomposition. The instantaneous transition rates λ^{ij} are the off-diagonal entries in this matrix, and are the main objects of interest.

Steady-state unemployment. Given these transition rates, the steady-state unemployment rate (the level u^* that current flow rates would sustain in equilibrium) has the following closed-form expression:

$$u^* = \frac{\lambda^{EI}\lambda^{IU} + \lambda^{IE}\lambda^{EU} + \lambda^{IU}\lambda^{EU}}{\lambda^{UI}\lambda^{IE} + \lambda^{IU}\lambda^{UE} + \lambda^{IE}\lambda^{UE} + \lambda^{EI}\lambda^{IU} + \lambda^{IE}\lambda^{EU} + \lambda^{IU}\lambda^{EU}}$$

Intuitively, u^* is the level at which inflows into unemployment match outflows: higher entry rates (λ^{EU} , λ^{IU}) raise this balancing level, while higher exit rates (λ^{UE} , λ^{UI}) lower it. As shown in Shimer (2012), the steady-state unemployment rate typically approximates the observed rate closely at a quarterly frequency, because the labour market converges to its steady state faster than the underlying transition rates evolve. The approximation can break down when transition rates shift rapidly, leaving observed stocks misaligned with the new equilibrium. There are some discrepancies for Greece and Romania, which are examples of such incomplete adjustment. The Appendix provides a complete comparison.

Shapley decomposition. The average u^* is compared across the two periods. The main research question is how much of the change $\Delta u^* = u_{\text{post}}^* - u_{\text{pre}}^*$ is attributable to each rate shifting from its pre- to post-period mean. Because u^* is a nonlinear function of the six rates, reverting them one at a time leaves an interaction residual, and individual contributions won't add up to the total change. The analysis therefore uses Shapley values, assigning each rate the average of its marginal contributions across all orderings in which the six rates are switched from pre- to post levels. By construction, these sum exactly to Δu^* , leaving no residual.

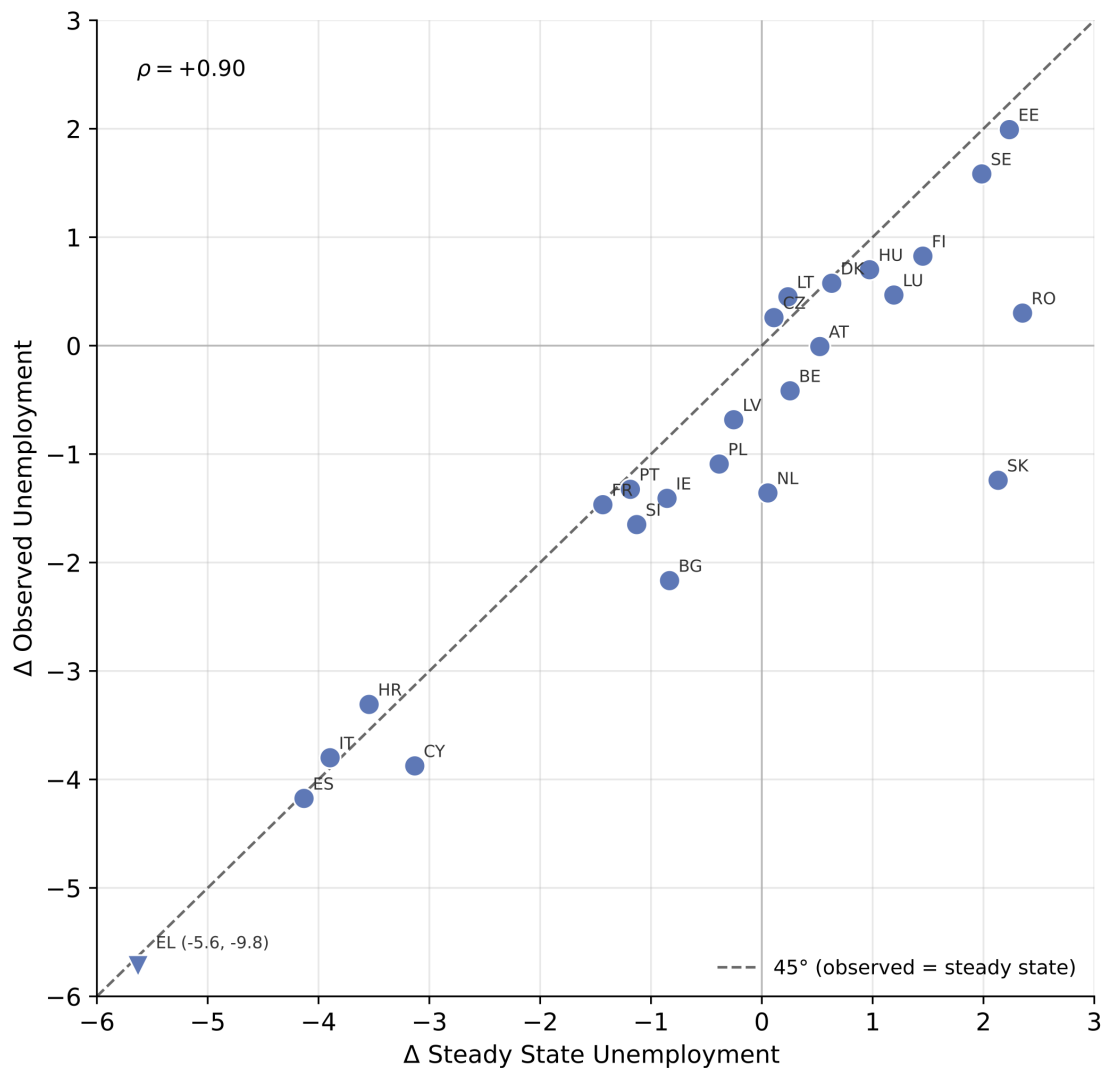
References

- European Commission, Directorate-General for Employment, Social Affairs and Inclusion. (2024). Labour market and wage developments in Europe: Annual review 2024. Publications Office of the European Union. <https://doi.org/10.2767/361146>
- European Commission. 2026. "European Economic Forecast — Spring 2026." Institutional Paper 341. European Commission, Directorate-General for Economic; Financial Affairs. https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/spring-2026-economic-forecast-slowdown-growth-energy-shock-drives-inflation_en.
- European Commission & Council of the European Union. (2026). Joint employment report 2026. Publications Office of the European Union. https://employment-social-affairs.ec.europa.eu/joint-employment-report-2026_en
- Eurostat. 2026. Population structure and ageing. Statistics Explained. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_structure_and_ageing
- Financial Times. "'Staggering' Irish Slump Pushes Eurozone Economy into Reverse." *Financial Times*, 5 June 2026, www.ft.com/content/be3ab4de-0a3f-4942-bd94-6180289142f8.
- Nelimarkka, Jaakko, and Juho Peltonen. 2026. "Finland's Labour Market Weaker than That of the Euro Area." Bank of Finland Bulletin 6/2025, 21 January. <https://www.bofbulletin.fi/article/analysis/2025/finland-s-labour-market-weaker-than-that-of-the-euro-area/>
- Shimer, Robert. 2012. "Reassessing the Ins and Outs of Unemployment." *Review of Economic Dynamics* 15 (2): 127–48.

Annex A

Figure A1 shows how well steady-state unemployment (x axis) mimics observed unemployment (y axis). The correlation between both is high, at 0.9. As discussed in the main text, this may be because the unemployment stock has not yet adjusted to the equilibrium that current flow rates would sustain. The steady-state unemployment rates for Slovakia and Romania also diverge from the observed rate. In Slovakia, this is likely because the flow data is unreliable, as flagged by Eurostat.

Figure A1. Steady State and Observed Unemployment



Note: Highlights how well changes in steady-state unemployment match those in observed unemployment between the pre- (2017Q1 to 2019Q4) and post- (2023Q1 to 2025Q4) pandemic periods. Calculations are based on data from the Eurostat, series lfsi_long_q and une_rt_q.

Getting in touch with the EU

In person

All over the European Union there are hundreds of Europe Direct centres. You can find the address of the centre nearest you online (european-union.europa.eu/contact-eu/meet-us_en).

On the phone or in writing

Europe Direct is a service that answers your questions about the European Union. You can contact this service:

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696,
- via the following form: european-union.europa.eu/contact-eu/write-us_en.

Finding information about the EU

Online

Information about the European Union in all the official languages of the EU is available on the Europa website (european-union.europa.eu).

EU publications

You can view or order EU publications at op.europa.eu/en/publications. Multiple copies of free publications can be obtained by contacting Europe Direct or your local documentation centre (european-union.europa.eu/contact-eu/meet-us_en).

EU law and related documents

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex (eur-lex.europa.eu).

EU open data

The portal data.europa.eu provides access to open datasets from the EU institutions, bodies and agencies. These can be downloaded and reused for free, for both commercial and non-commercial purposes. The portal also provides access to a wealth of datasets from European countries.

