

The NewsLine

April 30, 2015

} MACROECONOMICS | FINANCIAL MARKETS | ECONOMIC POLICY | SECTORS

GERMANY

Marked slowdown in employment growth

Dr. Rolf Schneider
Phone +49.69.24431-5790
rolf.schneider@allianz.com
Allianz SE
<https://www.allianz.com/economic-research/en>

  Allianz Research
<https://twitter.com/AllianzResearch>

Employment growth in Germany has slowed considerably in the first few months of this year. After the number of people in work rose considerably, by almost 400,000, in the course of last year, the seasonally adjusted increase in the period from December 2014 to March 2015 came in at only 3,000. Given the impetus provided by the drop in energy prices and the depreciation of the euro, there are unlikely to be any economic reasons lurking behind the slowdown in employment growth. It appears that the weaker employment growth is due, at least in part, to the introduction of the minimum wage.

One striking aspect of this development is that the number of people working exclusively in marginal employment was recently (February 2015) 137,000 lower than a year earlier. The number of employees subject to social security contributions who also have a second job that is classed as marginal employment was also down by 61,000 on the previous year. At the same time, however, the strong growth in employment subject to social security contributions continued, increasing by 533,000 in a year-on-year comparison.

So far, the lower employment growth has not had any visibly negative impact on the unemployment trend. In April of this year, the number of people out of work fell for what is now the seven month running in seasonally adjusted terms, down by 100,000 on a year earlier. One factor could be that the size of the German workforce is now growing at a slower rate than in previous years because the early retirement options available to individuals who have been paying into the pension system for a long period of time have slowed, or even put a halt to, the increase in labor force participation among older employees.

The NewsLine

April 30, 2015

These assessments are, as always, subject to the disclaimer provided below.

ABOUT ALLIANZ

Together with its customers and sales partners, Allianz is one of the strongest financial communities. About 85 million private and corporate customers insured by Allianz rely on its knowledge, global reach, capital strength and solidity to help them make the most of financial opportunities and to avoid and safeguard themselves against risks. In 2014, around 147,000 employees in over 70 countries achieved total revenues of 122.3 billion euros and an operating profit of 10.4 billion euros. Benefits for our customers reached 104.6 billion euros.

This business success with insurance, asset management and assistance services is based increasingly on customer demand for crisis-proof financial solutions for an aging society and the challenges of climate change. Transparency and integrity are key components of sustainable corporate governance at Allianz SE.

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

NO DUTY TO UPDATE

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.