

The NewsLine

July 30, 2015

MACROECONOMICS FINANCIAL MARKETS ECONOMIC POLICY SECTORS

GERMANY

Labor market cooling down

The upswing on the labor market has slowed down markedly in recent months. The seasonally adjusted jobless total has now risen slightly for two months in a row, having previously fallen for eight successive months. And the rise in employment has slowed down sharply in the first half of 2015. Having increased by a seasonally adjusted 249,000 in the first six months of last year, the corresponding increase this year was a mere 65,000. Cyclical reasons are unlikely to be behind the slowdown in jobs growth as gross domestic product growth in the course of the first half of 2015 is likely to have more or less matched that seen in the first half of 2014.

Looking at the structure of employment, it is striking that the increase in the number of people in work liable to social insurance is still strong (up 1.7% in May on a year earlier), but that other forms of employment are broadly down on a year earlier. In particular, the number of people in low-wage jobs has fallen substantially. Initial Federal Labor Agency calculations show that the May figure was 197,000 (-3.9%) down on a year earlier. The agency points out that the drop occurred largely at the beginning of the year. This suggests that the development was to a large extent due to the introduction of the minimum wage. As encouraging as it is that employment liable to social insurance is still growing strongly, it is also plain to see that the introduction of the minimum wage has exerted an appreciable drag on overall job growth.

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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.

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