

# The NewsLine

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MACROECONOMICS FINANCIAL MARKETS ECONOMIC POLICY SECTORS

## GERMANY

# Labor market benefiting from job-intensive growth

Gregor Eder  
Phone +49.69.24431-3358  
[gregor.eder@allianz.com](mailto:gregor.eder@allianz.com)  
Allianz SE  
<https://www.allianz.com/economic-research/en>

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

The positive trend on the German labor market continued in May as well. The seasonally-adjusted jobless total fell by 9,000. Over the last five months the drop has averaged 19,000. Buoyant jobs growth has also continued. In April the number of people in work in Germany was 1.5% up on a year earlier. Current economic growth in Germany is evidently substantially more job-intensive than used to be the case.

It is also encouraging that jobs growth is focused in particular on jobs liable to social insurance. In March the number of people in jobs liable to social insurance was 734,000 up on a year earlier. That is an increase of 2.4%. A look at regional developments is interesting. In 12 of the 16 federal states jobs liable to social insurance are growing faster than overall employment. Berlin leads the field by some distance with an increase of 4.3%, followed by Bavaria and Schleswig-Holstein with 2.8% and 2.7% respectively. Thuringia brings up the rear, but still clocks up an increase of 1.2%.

With regard to the remainder of this year, the latest business surveys such as the ifo test and purchasing manager indices suggest that the buoyant economic upswing is set to continue. As a result unemployment is likely to fall further and employment climb further. On average in 2017 we now expect to see an increase in employment of 610,000 to around 44.2 million and a decline in unemployment of 160,000 to some 2.53 million.

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