

The NewsLine

August 30, 2018

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GERMANY

Labor market loses some momentum

The number of unemployed fell by 8,000 in August compared to the previous month on a seasonally adjusted basis. The basic trend thus remains clearly positive. However, the momentum has weakened somewhat recently. On average, the number of unemployed fell by 7,000 in the past two months, compared to an average of just under 16,000 per month in the first six months of this year.

Employment continues to grow strongly. In July, the number of persons employed was up by 1.3% on a year earlier. The rise in employment continues to be due solely to the increase in jobs liable to social insurance. It recorded an increase of 2.2% in June. With an increase of 3.6%, Berlin is the leader in this regard, followed by Bavaria and Hesse with +2.5% and +2.4% respectively. Employment growth spans most sectors. It is currently most pronounced in the metal and electrical industry. Employment is being cut in the finance & insurance sector and in temporary work.

In the coming months, we anticipate a sustained upward trend in the German labor market. However, employment growth is likely to slow down somewhat as a result of a slower expansion of labor supply and increasing bottlenecks in various sectors. We expect the average number of employees to increase by almost 600,000 in 2018, compared with close to 630,000 last year. The decline in the number of unemployed, which amounted to almost 160,000 in 2017, is expected to come in at more than 180,000 in 2018, thanks to the very dynamic development in the first half of this year.

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