

# The NewsLine

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## GERMANY

# Labor market in markedly good shape

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The labor market in Germany is shaping up extremely well this fall. The seasonally adjusted jobless total fell by 13,000 in November on the heels of a 6,000 drop in October. This decline is remarkable given that the labor supply is currently expanding strongly due to immigration from EU countries and the influx of refugees. The Federal Labor Agency's vacancies index (BA-X), which has reached a new all-time high, is testament to the buoyant demand for labor.

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The healthy development on the labor market encompasses almost all economic sectors. The increase in jobs liable to social insurance is particularly strong in a whole string of service industries such as care and welfare, distributive trade and motor vehicle maintenance as well as qualified business service providers. This underscores the dynamism of domestic economic growth. As a result, the German economy is likely to accelerate slightly in the fourth quarter even though subdued global growth is weighing on exports. This will provide a good starting point for 2016. We are penciling in growth of 2.0% in 2016 after 1.7% this year.

However, a further decline in unemployment in 2016 is not on the cards. Due to immigration, the labor force is likely to increase even more strongly than in 2015. As a result, jobs growth will probably not be sufficient to keep unemployment steady. In the course of 2016 the jobless total is likely to rise by between 50,000 and 100,000.

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