

The NewsLine

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GERMANY

Labor market still surprising on the upside

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>

The picture on the German labor market has been consistently bright in recent months. The seasonally adjusted jobless total has now fallen for the twelfth month in a row. This is remarkable given the surge in the labor supply as a result of EU immigration and the influx of refugees. Buoyant jobs growth has so far prevented a rise in unemployment. Over the last six months (September 2016 to February 2017) the number of people in work has risen by an average of 60,000 a month.

It is also encouraging that the upswing in employment is largely focused on jobs liable to social insurance. In January of this year the number of people in jobs liable to social insurance rose by 743,00 or 2.4% on a year earlier. By contrast, the number of people exclusively in the low-wage sector fell marginally on a year earlier. Jobs growth is still particularly pronounced in services sectors such as nursing care and welfare, trade and distribution, health, education and training.

With business surveys very bullish, the clear upward trend on the labor market looks set to continue. On average in 2017 we now expect the number of people in work to climb by 600,000 to 44.2 million and the jobless total to decline by 140,000 to around 2.55 million.

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