



Germany / Allemagne

Jobless rate down to 6.8%

The unemployment rate fell back to 6.8% in January, down to its lowest level in more than twenty years. The German labour market resisted well to the global economic slowdown. Job market conditions are likely to improve gradually as growth gathers speed.

■ In January, the jobless rate fell back to 6.8% its lowest level in more than twenty years.

■ At 2.916 millions, unemployment decreased for the second month in a row, down 16,000, its largest drop in a year, following -2,000 in December. Nonetheless, the jobless number was up 52,000 in 2012, rising 1.8% year-on-year after declining by around 8% in 2011.

■ Employment (published with one-month lag) remained roughly unchanged in December over the month (+0.1% m/m) and was up 0.7% year-on-year.

■ The German labour market weathered the global economic slowdown well. Nonetheless, the drop in Q4 activity coupled with moderate economic growth in the coming months should weigh on the job market conditions for sometime before alleviating on a long-term basis. For instance, the employment component of the composite PMI fell back below 50, in contraction zone, in January and job-hiring intentions recorded in surveys have not improved yet.

■ Overall, economic recovery should gather speed in the second half of this year, as the sovereign debt crisis in the euro zone abates and global cycle turns up. This is good news for households, as labour unions will be in a comfortable position when they negotiate pay hikes next April. We expect this pay round to result in pay rise between 3-3.5%. With tame inflation (around 1.6% this year), higher real income should back household confidence and consumption. In an interview in today Handesblatt, German Finance minister, Wolfgang Schäuble, said he sees economy gaining significant traction from the second quarter, mainly thanks to domestic consumption and a pick up in investment.

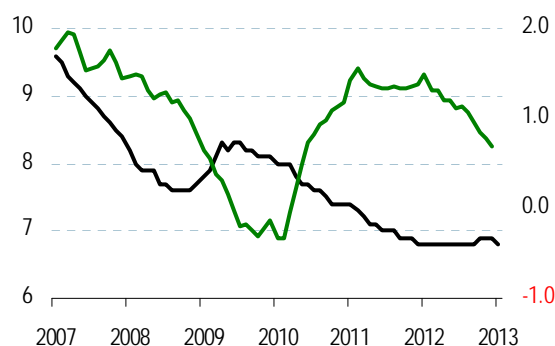
■ This is also welcome news for the euro zone as a whole since fast growth in Germany could support an export-led recovery in peripheral countries.

Baisse du taux de chômage (6,8%)

Le taux de chômage est retombé à 6,8%, son niveau le plus bas depuis plus de vingt ans. Le marché du travail allemand a bien résisté au ralentissement de la croissance mondiale. Les conditions sur le marché du travail devraient s'améliorer progressivement à mesure que la reprise se renforcera.

■ Unemployment rate back to its lowest level

— Unemployment rate(%) ; — Employment (y/y. %)(LHS)



Source : Federal Labour Office

■ Unemployment report in January

	Jan 13	Dec 12	Nov 12
Unemployment rate (%)	6.8	6.9	6.9
Unemployment level	2 916	2 932	2934
Unemployment. Δ 000's	-16	-2	+3
Employment. Δ 000's	n.a.	22	21
Employment. m/m (%)	n.a.	0.1	0.1
Employment. y/y (%)	n.a.	0.7	0.8

Source : Federal Labour Office – seasonally adjusted data

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