European Labour Market Barometer: improvement of the European labour market slows down

In November 2021, the European Labour Market Barometer fell for the fifth time running, dropping by 0.7 points compared with October to 102.4 points. The labour market leading indicator of the European Network of Public Employment Services and the Institute for Employment Research (IAB) still remains higher than before the COVID-19 crisis, but it is no longer as high as it was up to the middle of 2019. The continued improvement in the labour market situation in the European states has slowed to a moderate pace.

“The European public employment services still see the labour market as being on the up, but it seems that the further decline in unemployment will be much slower than it has been recently,” reports Enzo Weber, IAB head of forecast. “The global supply bottlenecks are currently curbing the recovery,” says Weber. The barometer in Iceland, Cyprus, Bulgaria, Lithuania and Poland lies below the 100 mark at the moment, signalling a deterioration of the labour market situation in these countries.

The European Labour Market Barometer’s sub-indicator for the development of unemployment figures falls by 0.9 points compared to October and stands at 101.3 points in November. This shows that the unemployment figures will continue to fall in future but will do so more slowly. The sub-indicator for future employment growth drops 0.5 points to 103.6 points. “After the strong economic recovery in the summer, the risks of the renewed flare-up of the pandemic and new measures that may be taken in many countries to stem the tide are clouding the prospects of European labour market growth,” adds Weber.

The European Labour Market Barometer is a monthly leading indicator based on a survey of the local or regional employment agencies in 17 participating public employment services. The survey has been carried out jointly by the employment services and the IAB since June 2018. The participating countries include Austria, Bulgaria, Cyprus, the Czech Republic, Denmark, Belgium-DG, Belgium-Flanders, Germany, Iceland, Liechtenstein, Lithuania, Luxembourg, Malta, Poland, Portugal, Switzerland and Belgium-Wallonia. While component A of the barometer signals the development of the seasonally adjusted unemployment figures for the next three months, component B forecasts employment trends. The average of the components “unemployment” and “employment” constitutes the total value of the barometer. This indicator thus provides an outlook on the overall development of the labour market. The scale ranges from 90 (very poor development) to 110 (very good development). First, a barometer score for each of the participating employment services is determined. The European barometer is then derived from these national scores in the form of a weighted average.

The time series of the European Labour Market Barometer, including its components for all 17 participating employment services, is available at http://www.iab.de/Presse/elmb-components.

European Labour Market Barometer, November 2021
The labour market outlook for the next three months is ...

Component A
Unemployment

Labour Market Barometer

Component B
Employment

Source: European Network of Public Employment Services, Institute for Employment Research (IAB). © IAB

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