

Eurozone

Employment downturn eases sharply in second quarter

- **Employment falls 0.1% in Q2 compared to 0.4% in Q1**
- **Job market showing signs of stabilising, with PMI data adding to brighter outlook**

Employment in the eurozone continued to fall in the second quarter, but the rate of decline eased markedly, adding to hopes that the region is on a recovery path.

Employment in the eurozone fell 0.1% in the second quarter, according to Eurostat, taking the total down to 145 million, its lowest since the final quarter of 2005. Employment has fallen continually over the past two years as the region moved back into recession in 2011.

However, the rate at which employment is falling has eased significantly. The 0.1% drop in the second quarter compares with a 0.4% fall in the first quarter and a 0.3% decline in the final three months of last year. That equates to 33,000 jobs being lost per month in the second quarter compared to more than 200,000 in the first quarter.

PMI survey data also suggest that the rate of job losses has eased further in the third quarter so far: an average composite employment index reading of 48.5 compares with an average of 47.3 in the second quarter.

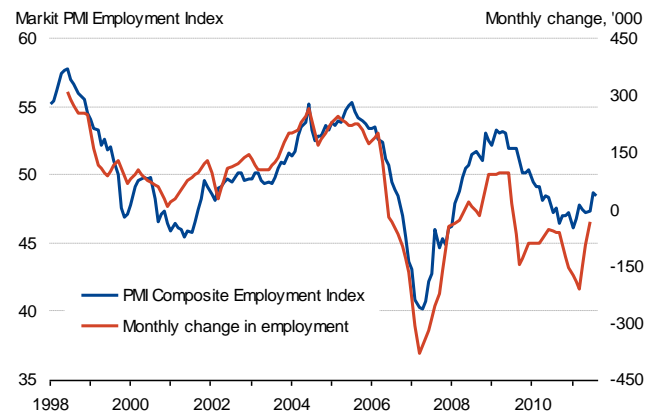
Looking at the four largest economies, employment edged up by 0.1% in Germany in the three months to June, but was flat in France. Spain and Italy both saw the rate of decline ease to -0.5% and -0.3% respectively, down from -1.0% and -1.2% in the first quarter. Elsewhere, the Netherlands saw the rate of decline pick up to -0.4%, but employment rose in Ireland (+0.5%), Austria (+0.2%), Portugal (+0.8%) and even Greece (+0.1%).

Productivity gains

The recent cut in employment took place despite GDP rising 0.3% over the same period. However, comparing employment changes with GDP highlights how, since the financial crisis, jobs have been cut at a significantly

faster rate than the pre-crisis relationship between GDP and employment would suggest, pointing to a steep improvement in labour productivity over this period.

Eurozone employment



Employment and GDP



Source: Eurostat.

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