

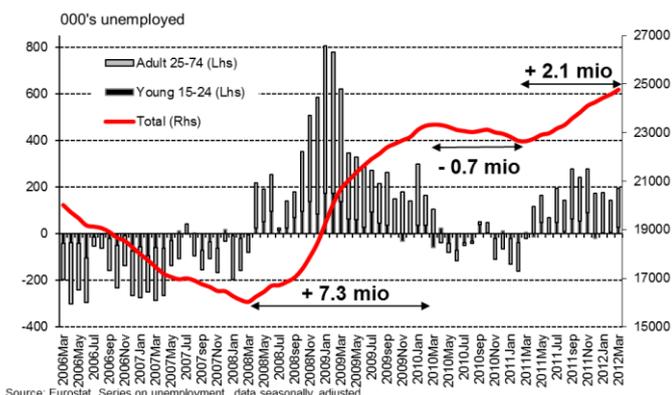
SUSTAINED UPWARD TREND IN EU UNEMPLOYMENT

Unemployment has continued to rise in March 2012, hitting a new high of 24.8 million, up by 193 000 in only one month. Although the unemployment rate remained unchanged at 10.2 % at EU level in March compared with February 2012, it edged up in the euro area by 0.1 pp to 10.9%, a level not seen in the last 15 years. Compared with March 2011, the EU unemployment rate rose by 0.8 pp. The upward trend in unemployment is confirmed in most Member States.

Overall summary of the situation:

- The number of unemployed in the EU continued to grow in March 2012; the EU unemployment rate is at 10.2% and divergence keeps growing
- The youth unemployment rate has risen faster than that for adults, and reached 22.6% in March (up 0.1 pp on February)
- Long-term unemployment is at a high, accounting for 4.3% of the active population
- EU consumers tend to be slightly less pessimistic about the future trend in unemployment
- On-line job demand slowed down further and agency work declined

Chart 1: Monthly change in the number of unemployed by age (Lhs) and total level (Rhs) in the EU, March 2006– March 2012



Upward trend in unemployment is confirmed...

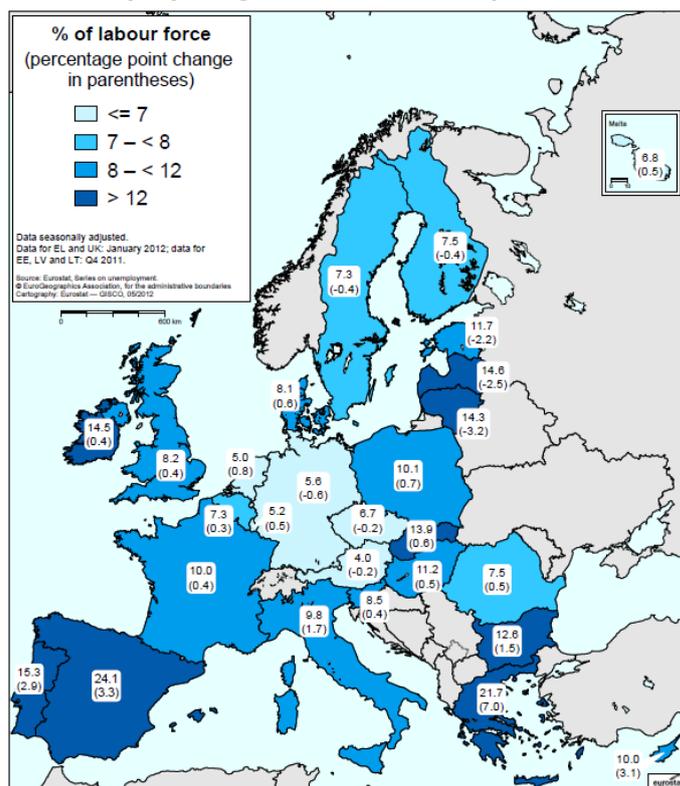
In March 2012, out of the 22 countries for which statistics are available, the unemployment rate rose in nine Member States, fell in six and remained stable in seven. Over the year to March 2012, the number of unemployed in the EU grew by 2.1 million, i.e. an increase of 9.4% (see Chart 1). Though slower growing, that rise is primarily due to higher unemployment in the population aged 25 and more, accounting for 86% of the total increase. Between March 2008 and March 2012, taking into account the relative fall (-0.7 million) seen over the year to March 2011, the number of total unemployed rose by 8.7 million in the EU, or 54.5%. Over the same period, the number of unemployed in the US rose by 61.4%. But the US unemployment rate has been falling recently, at 8.2% in March, down 0.7 pp on the year.

... as most countries have been affected and divergence keeps growing

In the year under review, while the EU average

unemployment rate rose by 0.8 pp to 10.2%, 20 Member States recorded rises in unemployment rates, and seven saw decreases. As highlighted by Chart 2, the most significant rises were seen at the periphery of the EU, where unemployment is mostly significantly higher than the EU average: Greece (+7.0 pps to 21.7% in January 2012), Spain (+3.3 pps to 24.1% in March 2012), Cyprus (+3.1 pps to 10.0%), Portugal (+2.9 pps to 15.3%) and Italy (+1.7 pps to 9.8%).

Chart 2: Unemployment rates, March 2012 and unemployment rate y-o-y changes with March 2011 in parentheses



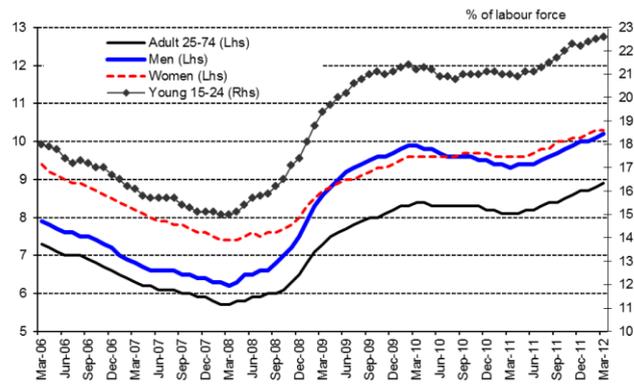
Significant year-on-year falls were noted in the Baltic States (from -2.2 pps in EE to -3.2 pps in LT, in 2011q4) and, to a lesser extent, in Germany (-0.6 pp to 5.6% in March 2012). The three countries exhibiting the lowest unemployment rates, have not followed the same trend over recent months. While Austria still posts the lowest rate in the EU at 4.0% in March, edging down by 0.1 pp on February (-0.2 pp over the year), both Luxembourg and the Netherlands have seen a small rise of +0.1 pp over the same period and even significant ones over the year, up by 0.5 and 0.8 pp respectively, to 5.2 and 5.0%. The gap between the lowest -Austria- and highest -Spain- unemployment rates, has never been so high, at 20.1 pps in March.

The deterioration has hit men hardest while the unemployment rate for youth continues to rise

Over the year to March 2012, 55.2% of the 2.1 million additional unemployed were men, with the male unemployment rate rising by 0.9 pp against 0.7 pp for women, to respectively 10.2 and 10.3%. In that same

period, the gender gap in favour of men was reduced by 0.2 pp, as shown on Chart 3. Whereas the pace of deterioration remains more marked for adults, the youth unemployment rate has actually risen twice as fast over the year, up 1.6 pps, against 0.8 pp for adults. Consequently, the youth unemployment rate reached a new high of 22.6% at EU level in March 2012 (up 0.1 pp on February), accounting for 5.5 million individuals, compared to 8.9% for adults (see Chart 3).

Chart 3: Monthly unemployment rate (%) for young people, adults, male and female in the EU, March 2006 – March 2012



Source: Eurostat, Series on unemployment, data seasonally adjusted.

This increase for the young affects 20 Member States, some of which are suffering a marked deterioration: Greece (+13.9 pps over the year to 51.2% in January 2012), Cyprus (+10.0 pps to 28.8% in March 2012), Portugal (+8.5 pps to 36.1%), Italy (+7.6 pps to 35.9%), Spain (+6.2 pps to 51.1%) and Bulgaria (+6.1 pps to 32.8%). By comparison, the most significant year-on-year declines remain moderate, like in Latvia (-3.7 pps to 27.3% in December 2011), Belgium (-1.8 pps to 17.1% in March 2012), France (-1.5 pps to 21.8%) and Sweden (-1.2 pps to 22.8%). In the US, the youth unemployment rate fell by 1.1 pps on the year, to 16.4% in March.

Long-term unemployment accelerated...

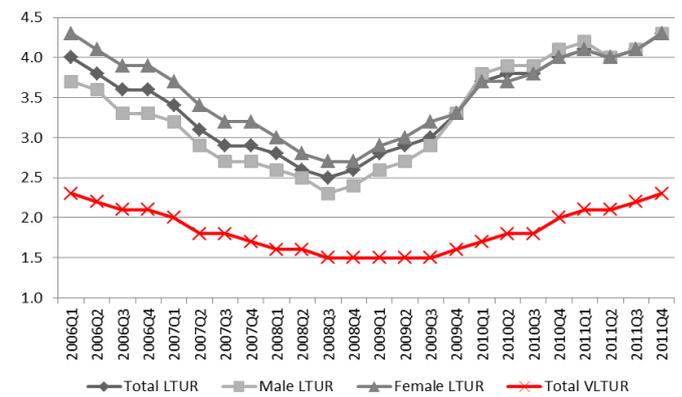
As highlighted by Chart 4, long-term unemployment (unemployed for more than a year), as a percentage of the active population (LTUR), increased significantly over the last two quarters of 2011. In the fourth quarter it stood at 4.3%, up 0.3 pp on the year and up 1.7 pps compared to the last quarter of 2008 (2.6%). It now accounts for 43.5% of all unemployed. It is above 50% in eight Member States, including Ireland and Slovakia, where it exceeds 60%. Most worrying is the rate of very long-term unemployed (more than two years; VLTUR), at 2.3% in the last quarter of 2011, up by 0.3 pp on the year and by 0.8 pp on 2008 Q4.

... while consumers are slightly less pessimistic

In April 2012, although unemployment expectations

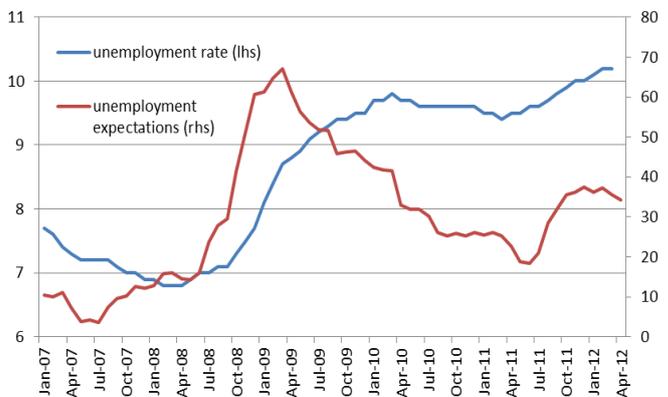
remained above the long-term average, EU consumers again tend to be slightly less pessimistic on its evolution in the coming months (see Chart 5).

Chart 4: Long-term and very long-term unemployment as a percentage of the active population in the EU, 2006Q1 – 2011Q4



Source: Eurostat, Series on unemployment, data seasonally adjusted

Chart 5: Unemployment rate and unemployment expectations over the next 12 months in the EU



Source: Eurostat; ECFIN; seasonally adjusted data

On-line job demand slowed down further and agency work declined

The Monster Employment Index Europe posted a year-on-year growth in on-line job demand of 6% in April 2012, compared to 8% in March. Germany still remains the only country to exhibit strong growth (+19%), albeit at a decelerated pace compared to previous months. On the other hand, the Netherlands recorded the largest decline (-20%), on a downward trend for the fourth consecutive month. According to Eurociett, for two months in a row, the agency work industry in Europe saw a decline in the number of hours worked (-3.7% in the year to February 2012). Italy and Germany are the only countries to report positive growth in January and/or in February.

Key labour market indicators for the EU-27 (age 15-74)

EU-27	Year (annual average)				Month (seasonally adj.)			Monthly change		Annual change	
	2000	2008	2010	2011	2011 Mar	2012 Feb	2012 Mar	Number or pp	%	Number or pp	%
Unemployment (x 1 000)	19 703	16 833	23 152	23 230	22 649	24 579	24 772	193	0.8	2 123	9.4
Males	9 781	8 719	12 689	12 524	12 214	13 256	13 385	129	1.0	1 171	9.6
Females	9 922	8 114	10 463	10 707	10 435	11 323	11 387	64	0.6	952	9.1
Under 25	4 972	4 218	5 331	5 304	5 213	5 490	5 516	26	0.5	303	5.8
Unemployment rate (%)	8.8	7.1	9.7	9.7	9.4	10.2	10.2	0.0	-	0.8	-
Males	7.8	6.7	9.7	9.6	9.3	10.1	10.2	0.1	-	0.9	-
Females	10	7.6	9.6	9.8	9.6	10.3	10.3	0.0	-	0.7	-
Under 25	17.5	15.8	21.1	21.4	21.0	22.5	22.6	0.1	-	1.6	-