INSTITUT FÜR ARBEITSMARKT- UND BERUFSFORSCHUNG
Die Forschungseinrichtung der Bundesagentur für Arbeit

Launch of the European Barometer

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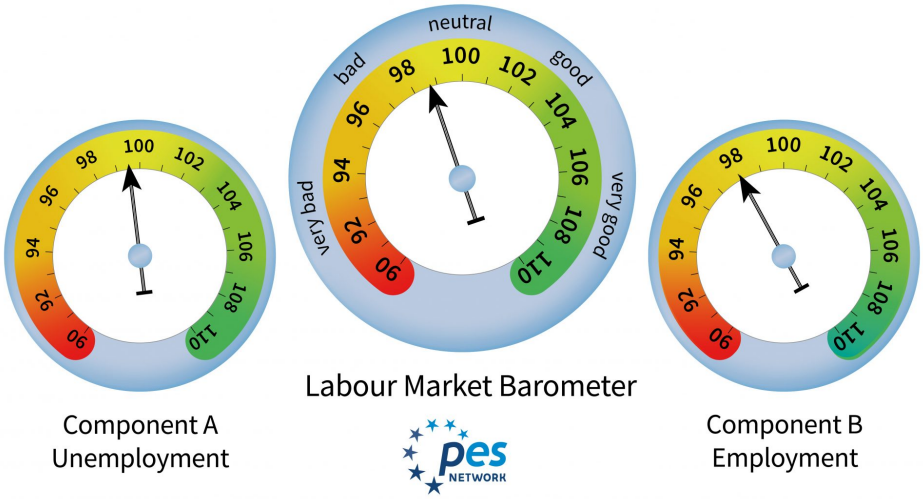


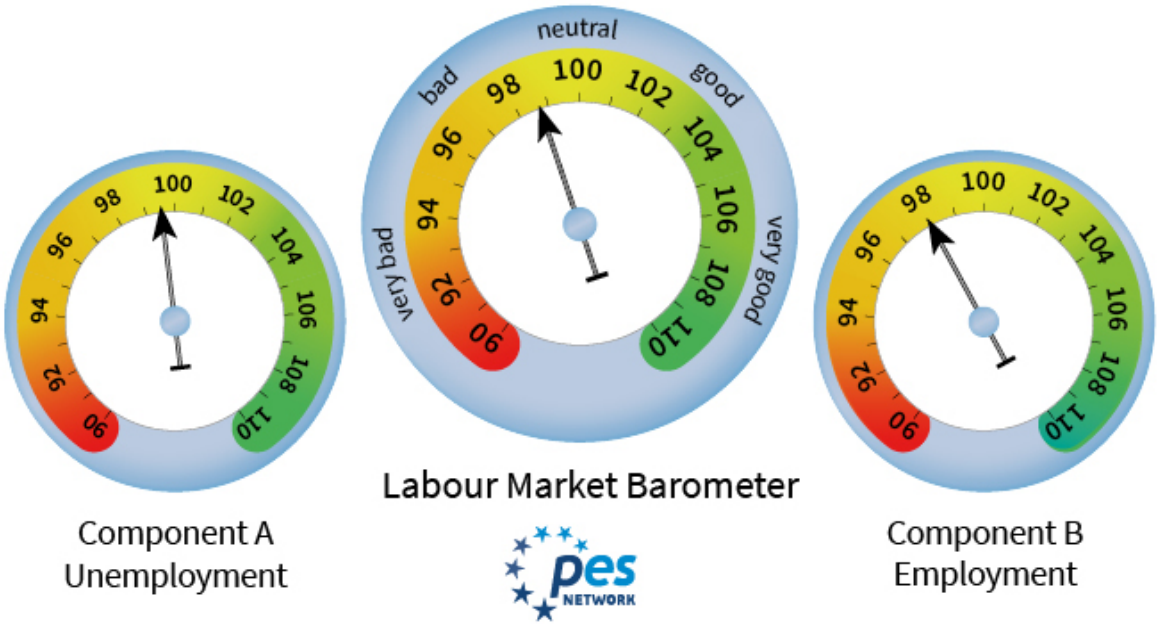
Within the European Network of Public Employ
Employment Research (IAB) initiated an inter
indicators for the labour market by drawing
services in numerous European countries. Thi
Labour Market Barometer analogous to the
Barometer for Germany. It reflects the expec
unemployment and employment in the European

The European Labour Market Barometer currently (
of 90 to 110 (cf. figure 1). The sub-indicator f
99.5 points; the sub-indicator for employment wa

Compared to the previous month, the European Lab
figure 2). After the labour market indicator plu
part of the decline has now been offset. Howeve
situation in the European labour market is stabi

Figure 1: European Labour Market Barometer, 9/2020

The labour market outlook for the next three months is ...

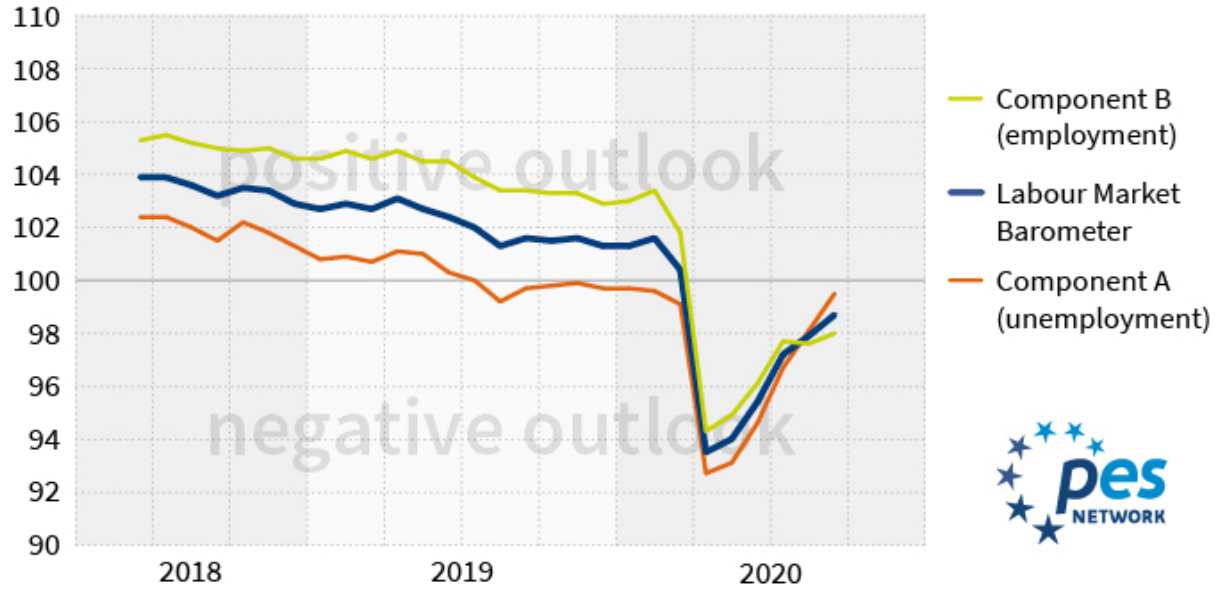


Source: European Network of Public Employment Services, Institute for Employment Research (IAB). © IAB

Since the start of the time series in June 2018,
development is likely related to the ongoing dow
development of employment was continuously more
be due to a rising participation, for example. More re
the case. According to data from the Labour Forc
high in the second quarter 2020. For Germany, Jo
a 2020 study that found potential unemployment
crisis. This is a consequence of both a slump in
While this puts a strain on the employment trend

Figure 2: European Labour Market Barometer until 9/2020

Point values on a scale from 90 (very bad outlook) to 110 (very good outlook); 100 = neutral



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

The European Project

In Germany, the IAB Labour Market Barometer is a development of unemployment and employment. As p wide early labour market indicator began in June Current participants include Austria, Belgium (m speaking Community), Bulgaria, Cyprus, Czech Rep Lithuania, Luxembourg, Malta, Portugal and Polan employment services will join the project. Toget picture of the European labour market. In the fu published monthly.

The barometer is based on a monthly survey among respective countries. The branches are asked abo employment in their district. The survey is carr

and the IAB. For the IAB Labour Market Barometer, a who surveys the 156 local employment agencies, a Hutter, Enzo Weber, Katrin Schmidt and Silke Del

As the IAB Labour Market Barometer for Germany a Christian Hutter and Enzo Weber, the specific kn for a leading indicator. In addition to overarch experts surveyed also have insight into specific The respondents can then decide for themselves w the region-specific labour market development. L maintain direct contact with neighbouring distri networks also show potential for early signals o

To exploit this potential, the IAB has initiated Services Network (PES Network, cf. infobox 1) in among the public employment services in the abov partner countries, national indicators for labou Market Barometer in Germany, originate from thes

How the barometer works

The local branches of the public employment serv the following question for unemployment and empl

What is your overall expectation for the develo district within the next three months beyond t

The interviewed experts have the choice between increase, stay constant, decline and decl

On this basis, national indicators are construct account the different sizes of the districts. Th easy interpretation. Values around 100 suggest t or less constant within the next three months. V while values well above 100 signal a favourable mean value of the sub-indicators for unemploymen

The national indicators are then merged into a c
Barometer. For this purpose, the national sub-in
weighted by population and then averaged.

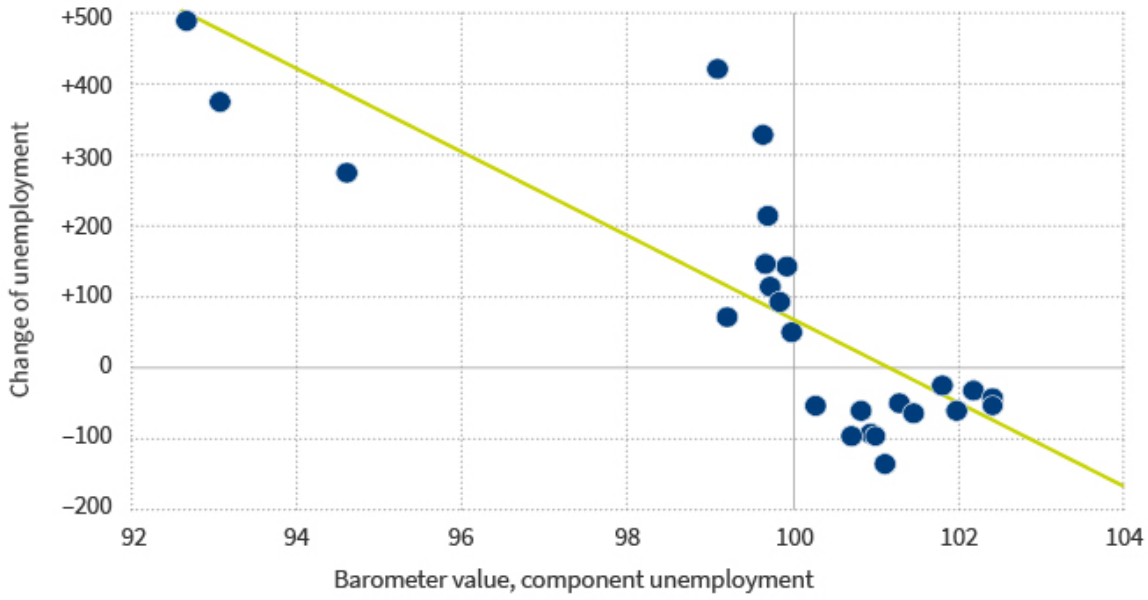
High predictive power

Although the available time series of the Europe
its predictive power for the labour market can a
component for unemployment, as there is less dat
for a timely evaluation.

We examine the change in seasonally adjusted une
barometer score. The analysis includes the perio
2020. A negative correlation should emerge: the
subsequent decline in unemployment.

Figure 3: Relationship between the barometer value for the sub-indicator unemployment and the actual change in unemployment over the following three months

Monthly values June 2018 to August 2020; barometer values on a scale from 90 to 110 and unemployed (ILO-standard) in 1,000



Source: PES Network, IAB, Eurostat. © IAB

Figure 3 shows the monthly values of the unemplo
Market Barometer on the horizontal axis and the
months on the vertical axis. As a proxy, we use
figures (following the ILO standard) in the part
negative correlation. Indicator values greater t
unemployment (lower right quadrant) and indicato
unemployment (upper left quadrant). The correlat
survey question should exclude typical seasonal
persists with survey indicators. Therefore, a co
soon as the time series of the barometer is long
top centre for February and March 2020 will like
positive expectation effect of the impending spr

To a certain extent, the strong correlation is a
If one restricts the sample period up to the end
The slope of the regression line would change on
fundamental structural break in the predictive a
the correlation measure would be somewhat lower
still a high correlation would result.

Conclusion

The IAB Labour Market Barometer has proven itsel
market. It utilises the competency of the local
developments in the form of a survey.

This works in Europe as well: Within the Europea
has initiated a joint project in the course of w
services of numerous European countries are surv
Market Barometer.

This results in national indicators for labour m
These are then combined to form a common indicat
results presented above show that the concept al
market developments.

The European Labour Market Barometer currently s
labour market indicator in April, a considerable
regained. The situation on the European labour m
Parts of the economy, such as the automotive ind
transformation processes, and the rising infecti

When further data become available, the methodol
Barometer will continue and the sub-indicator on
seasonal adjustment could further improve the pr
long.

In the future, the European Labour Market Barome
Network and the national employment services.

European Network of Public Employment Services

The European Network of Public Employment Serv
following a decision of the European Parliamen
consisting of the heads of the national employ

The network encompasses all EU countries, Norw
main functions are mutual learning through ben
European strategies, implementation of initiat
institutions.

Further information is available at: www.pesnetwork.eu

The time series data of the European Labour Market Barometer including its components for the individual employment services can be found here.

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Zitationshinweis

Christiane Keitel; Jutta Winters; Martin Schludi Galkiewicz (2020): Launch of the European Labou Forum 20. October 2020, https://iab-forum.de/en/ barometer/, Abrufdatum: 6. March 2026

Lizenzhinweis

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