

## German unemployment: The crisis that never was?

Strong German labour market report for November suggests very little impact from the second lockdown. However, increasing number of people in short-time work schemes clearly calls for caution



German unemployment dropped by 60,600 in November, lowering the number of unemployed to 2.699 million - the lowest level since April this year.

The seasonally-adjusted unemployment rate dropped to 6.1%, from 6.2% in October, which makes this the best November performance of the labour market since 2009, suggesting the second lockdown hasn't (yet) left the same mark on the la as it did during the first wave.

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According to the German labour agency, new applications for short-time work schemes have increased significantly in November to 537,000, from 96,000 in October. Remember that not all filed applications will eventually be admitted. This is why, officially, 2.2 million employees received short-time work subsidies in September, from 4.2 million in July and almost six million in April.

According to recent estimates by the Ifo institute, on the back of their own business survey, the number of companies which have registered some employees for short-time work schemes increased to 28%, from almost 25% in October. For hotels and travel agencies, this share increased to more than 90%. One of the few sectors with a falling share of short-time work schemes is the automotive industry (36.7% in November, from 50% in October).

This morning's headline numbers suggest that the German labour market could go through the crisis almost unharmed.

But the rising number of short-time workers, as well as the longer-term impact from the second lockdown, clearly argue against too much optimism.

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