



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# The euro area labour markets: looking beyond the aggregate

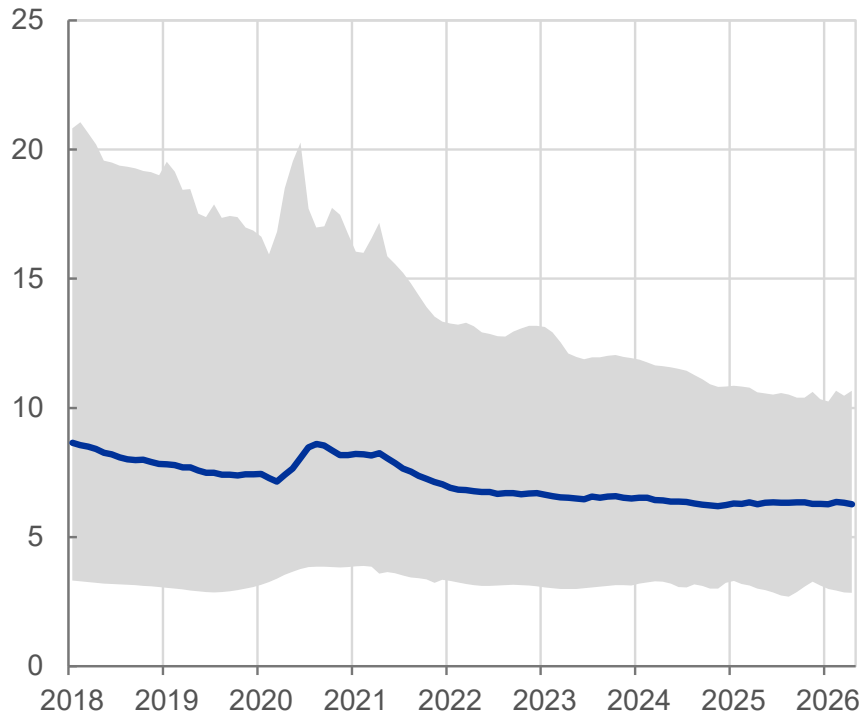
17 June 2026, OeNB SUERF conference

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- EA unemployment at historical low and employment growth positive so far.
- But key to **look beyond headline indicators** to gauge developments ahead.
  1. **Unemployment needs to be complemented as measure of tightness.**
  2. **Employment decelerating with 2023-2025 drivers fading** (to some extent).
  3. **Structural trends** (in particular ageing) **already visible in key data.**
  4. On top: some **heterogeneity in national labour market stories** across EA.
- **Monetary policy** monitoring labour market (incl. disaggregate) data.
- **National (and EU) structural policies** key to improving labour market functioning/outcome and thereby reducing heterogeneities.

# How tight is the labour market? Unemployment needs to be complemented

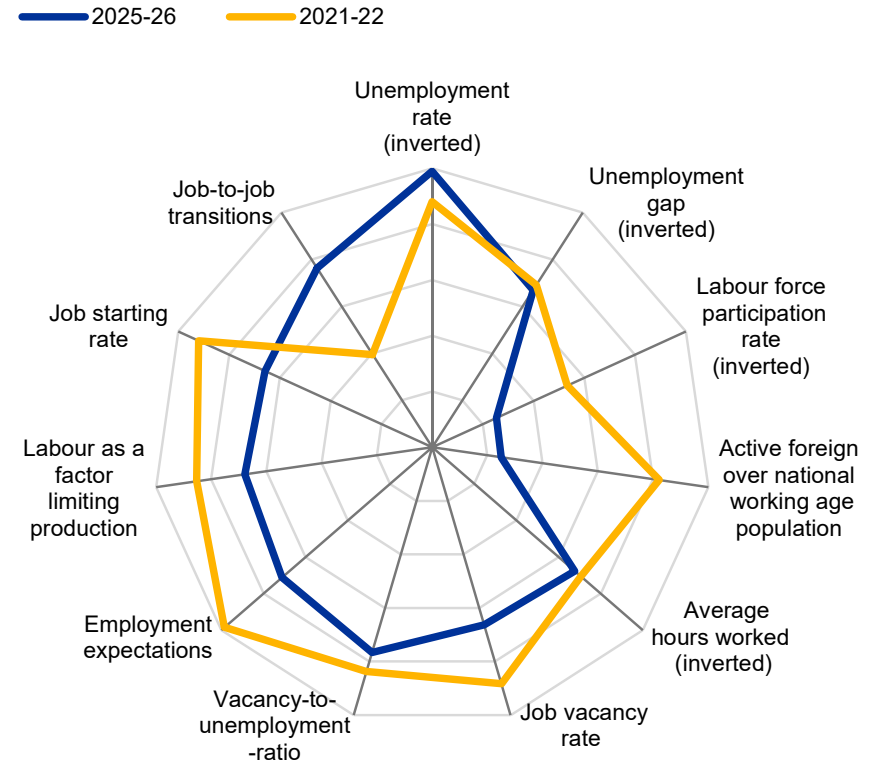
**EA unemployment rate and range across countries**  
(percentage of the labour force)



Source: Eurostat and ECB calculations.  
Notes: Euro area: fixed composition of 21 countries. Seasonally adjusted unemployment rate over the age group 15-74. The grey area represents the min-max range across all euro area countries. The latest observation is for April 2026

**Labour market tightness indicators**

(index: Q4 2021=100)

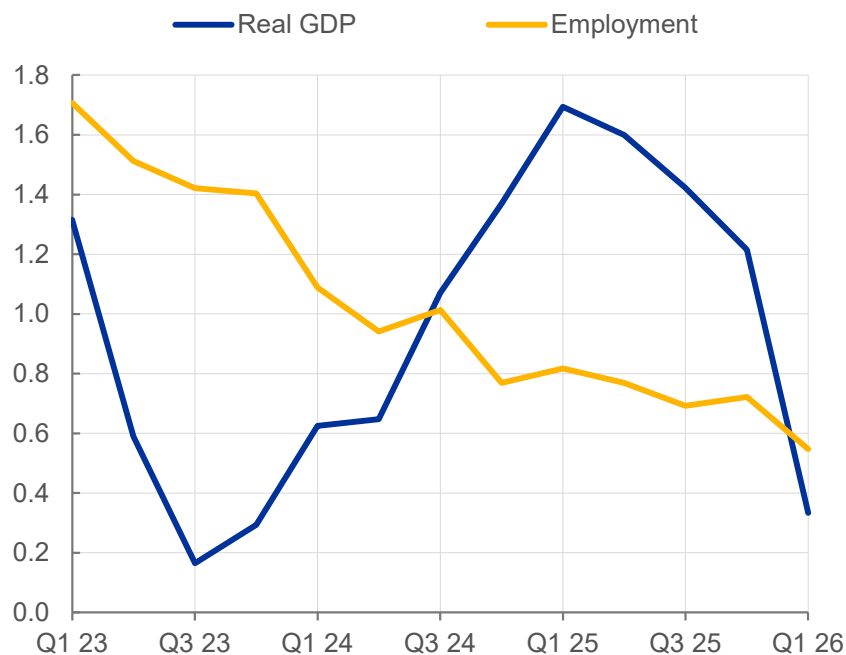


Sources: Eurostat, European Commission, ECB (CES) and ECB staff calculations.  
Notes: Indicators are scaled such that the outer circle of the radar chart corresponds to the "tightest" and the inner circle to the "least tight" outcome of each indicator. The job-to-job transition rate has been computed based on the CES. Average hours worked and the job-to-job transition rate are smoothed as four-quarter averages.

# Employment growth rebalancing as factors that supported it (could) fade

## Real GDP and employment growth

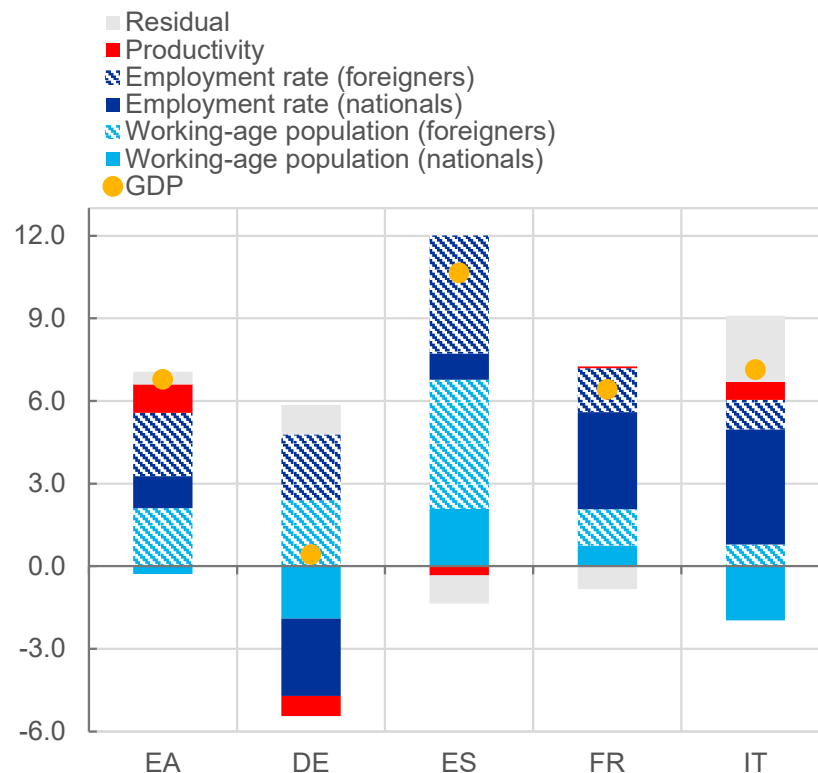
(year on year percentage changes)



Source: Eurostat.

## Contributions to real GDP growth (2020-2025)

(percentage change since Q4 2019 and percentage points contributions)



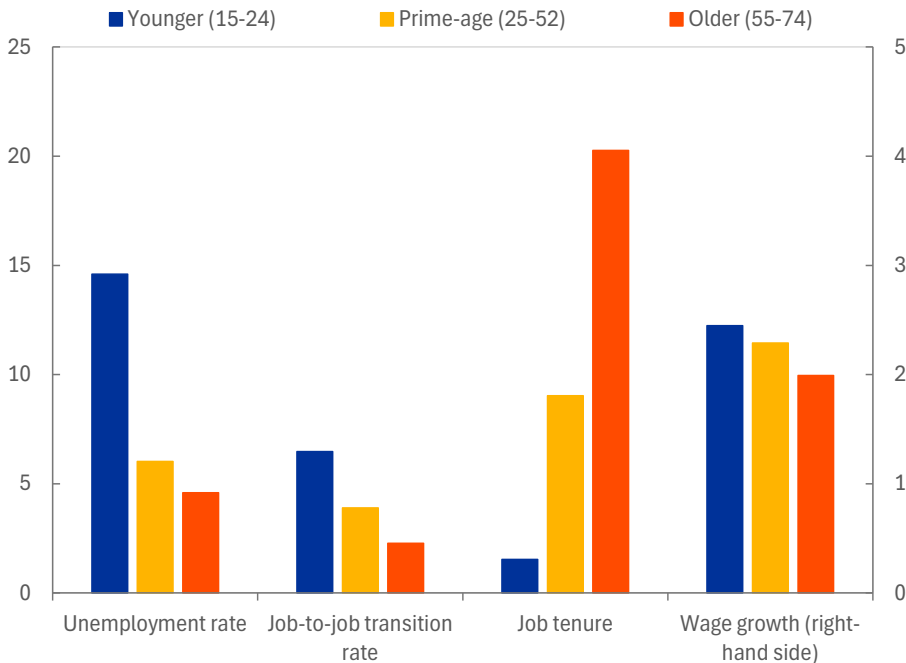
Sources: National accounts data and EU LFS.

Notes: The residual contribution is mostly due to differences in employment growth between LFS and national accounts data. A small part is also due to approximations in calculating the contributions by nationality. The latest observations are for the fourth quarter of 2025

# Structural trends – here ageing – will impact labour markets going ahead

## Labour market outcomes by age group

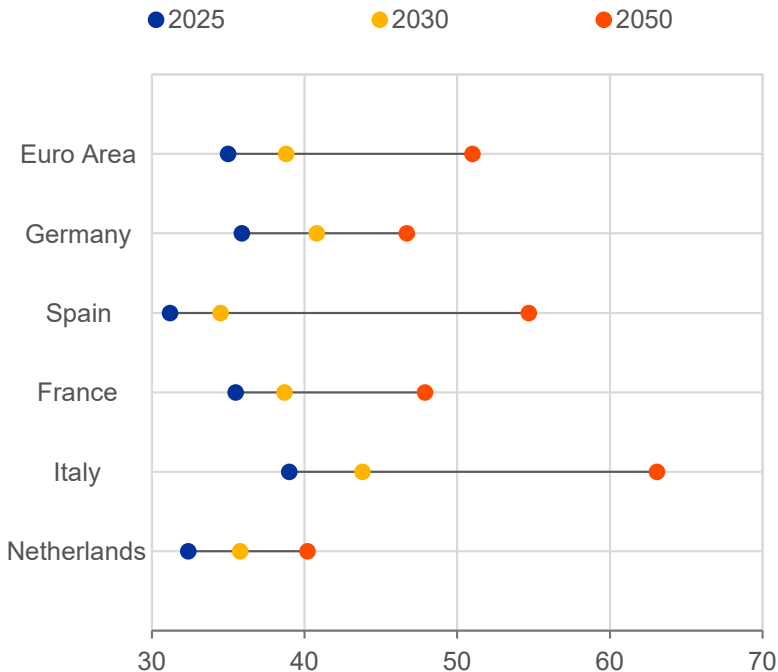
(for unemployment rate: percentage of labour force; for job-to-job transition rate: percentage of employed; for job tenure: years; for wage growth: annual percentage growth (right-hand side))



Sources: Eurostat, Structured Earnings Survey (SES), Arlia et al (2025) using IAB, Ministerio de Inclusión, Seguridad Social y Migraciones, Insee and ECB calculations. Notes: Unemployment rate (average 2022-25), job-to-job transition rate (average 2019-21); job tenure (average 2022-24); wage growth: average annual growth of hourly earnings (2014-22). For wage growth, the age categories as present in the SES deviate slightly: young (less than 30), prime-age (30-49), older (50+).

## Old-age-dependencies

(percentage)

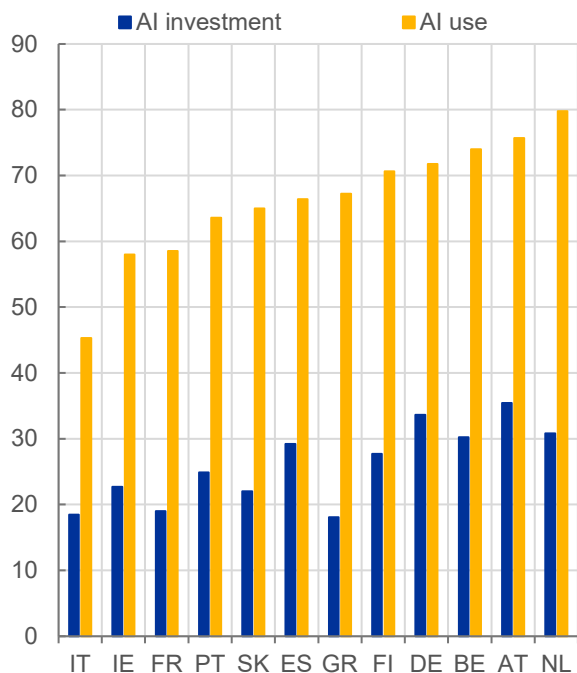


Source: Eurostat EUROPOP 2025 projections, ECB calculations. Note: Old-age dependency ratio computed as population aged 65+ over population aged 15-64.

# AI investment/use and impact on employment differ across the euro area

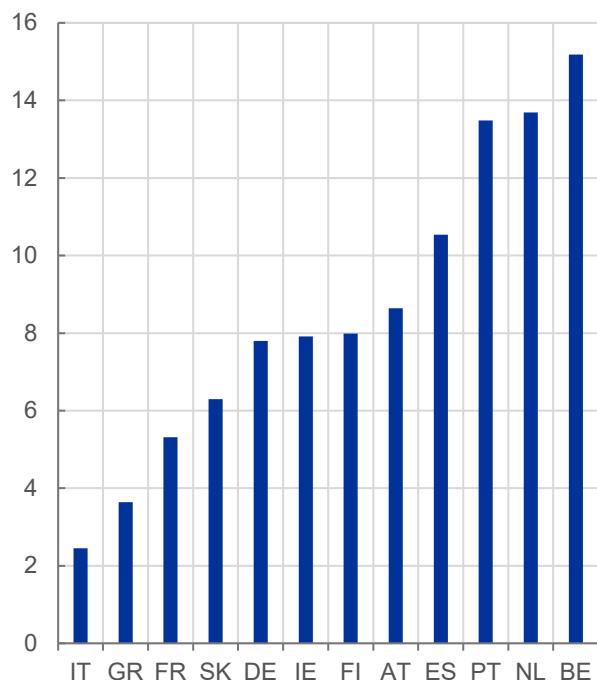
## Firms' investment and use of AI

(percentage of respondents)



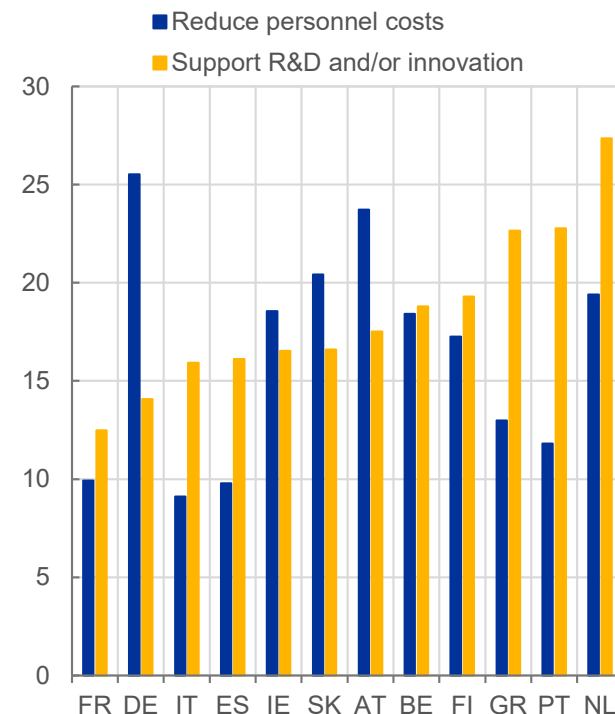
## Gap in employment growth likelihood between AI and non-AI using firms

(percentage-point difference)



## Reasons for using AI

(percentage of respondents)



Source: SAFE.

Note: Non-respondents are excluded from the analysis. Observations for AI investment: Q2 2025. Observations for AI use: Q4 2025.

Source: SAFE.

Note: Percentage-point difference in the share of firms reporting an increase in headcount during the current quarter, comparing firms that use AI with those that do not. Non-respondents are excluded from the analysis. Observations: Q4 2025.

Source: SAFE.

Note: Non-respondents are excluded from the analysis. Firms give more than one reason for using AI, which means that "reducing personnel costs" and "support R&D and/or innovation" are not mutually exclusive. Observations: Q4 2025.

## ECB monetary policy

### Strategy Review, 2025

*“The economic analysis gives due emphasis to ... structural trends ... and the ... importance of heterogeneities ... .”*

### How? E.g.:

- Eurosystem TaskForce and Network on the cross-country heterogeneity of transmission
- Models embodying heterogeneity and sectoral details added to the toolkit.

## **But key role for national and European structural policies**

- differences in labour-market outcomes determined by national structural policies.
- removing structural gaps requires national reforms, supported at EU level.