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Lively Industrial Activity in Austria, Increasing Uncertainty in Global Economy

Business Cycle Report of December 2010

The economic recovery in Austria, driven by exports and manufacturing activity, continued in autumn; in the third quarter, real GDP rose by 0.9 percent compared with the previous quarter, and by 2.4 percent compared with a year before. However, a self-sustaining pick-up in investment has not got off the ground as yet. Household consumption continues to grow at a modest pace. Unemployment keeps declining, largely owing to lively industrial activity. Consumer price inflation is determined by commodity prices.

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The Austrian economy was affected by the international financial and economic crisis mainly through the downturn in the export-oriented industry and its consequences. Production has been expanding again since the spring of 2009. By now more than half of the production decline has been made up for: in September 2010, the seasonally adjusted production index in manufacturing came in 11 percent above its trough in May 2009. According to the WIFO business cycle survey, industrial activity remained lively also in the autumn of 2010: in October and November, both production expectations of the firms surveyed and their assessment of order books and business conditions in six months once more improved markedly.

The Austrian economy benefits above all from the vigorous upswing in the emerging economies of Asia and Latin America, mostly through its supplier relations with the world-market oriented German economy. However, since the spring of 2010 the pace of imports in Asia has been moderating; as a consequence, the recovery of world trade as a whole has lost some of its strength. Within the EU, the division of countries into two groups, an export-oriented group around Germany that is experiencing a vigorous economic rebound, and a group of countries that remain in recession owing to persistent structural problems and the necessary budget consolidation, is increasing.

Austria's real goods exports rose by 5.5 percent on a quarterly basis in the third quarter of 2010, an increase by already 22 percent in seasonally adjusted terms from the trough in the second quarter of 2009. The vigorous expansion of goods exports and manufacturing output stopped the decline in equipment investment, but has not yet entailed a strong pick-up in investment activity. Construction investment has been contracting since the spring of 2008, also because government influenced residential construction remains weak.

Household consumption proved to be an important stabilising factor during the recession, being the only component of demand that did not decline. It has continued to grow at a modest, albeit steady pace also in 2010, expanding by around ¼ percent each quarter. As per-capita incomes are not rising in real terms, this is for the most part made possible by the favourable evolution of employment: in November, the number of persons in dependent active employment exceeded 3.3 million. This was an increase by 69,000 (seasonally adjusted) from the trough in August 2009, and a new peak. A factor also contributing to this development, in addition to

the steady increase in the number of jobs in the services sectors, was the growth of employment in industry: at 574,000, the number of persons employed in industry in October exceeded the level at the beginning of the year by 23,000, but was still down by 56,000 from the peak in mid-2008. The number of unemployed persons is also falling noticeably: at 248,000 (seasonally adjusted) in November, it was down by 20,000 from the peak in September 2009, but still exceeded the trough in March 2008 by 41,000. In November 2010, the seasonally adjusted unemployment rate was 6.8 percent of the persons in dependent employment; in October it was 4.8 percent of the labour force, according to Eurostat.

Table 1: Quarterly national accounts

			2009	2009	2009	2010	2010	
			Second	Third	Fourth	First	Second	Third
			quarter	quarter	quarter	quarter	quarter	quarter
			Percentage changes from previous quarter					
<i>Adjusted for seasonal and working day effects, volume</i>								
Final consumption expenditure			+ 0.4	+ 0.6	- 0.0	+ 0.2	+ 0.2	+ 0.2
Households ¹			+ 0.4	+ 0.3	+ 0.2	+ 0.2	+ 0.2	+ 0.2
General government			+ 0.3	+ 1.3	- 0.7	- 0.2	- 0.1	+ 0.1
Cross capital formation			- 4.2	- 0.7	- 0.7	+ 0.0	+ 0.6	+ 1.0
Gross fixed capital formation			- 2.7	- 0.2	- 1.0	- 1.5	- 0.2	+ 0.9
Machinery and equipment			- 2.7	- 1.6	- 1.2	- 0.7	+ 0.1	+ 0.2
Construction			- 1.2	- 0.8	- 0.9	- 1.1	- 1.0	- 0.9
Exports, goods and services			- 3.7	+ 1.8	+ 2.3	+ 1.9	+ 5.3	+ 3.6
Goods			- 3.0	+ 3.6	+ 2.6	+ 2.0	+ 6.4	+ 5.5
Services			- 2.8	- 1.7	+ 0.4	+ 1.2	+ 2.9	+ 0.7
Imports, goods and services			- 2.8	+ 0.8	+ 1.0	+ 2.2	+ 3.7	+ 3.2
Goods			- 2.7	+ 2.2	+ 1.5	+ 2.3	+ 4.0	+ 4.1
Services			- 2.9	- 1.7	- 0.2	+ 1.7	+ 2.1	+ 1.2
Gross domestic product			- 0.8	+ 0.6	+ 0.4	- 0.0	+ 1.2	+ 0.9
Manufacturing			- 2.5	+ 2.2	+ 0.9	+ 0.6	+ 5.9	+ 3.1
	2008	2009		2009			2010	
			Second	Third	Fourth	First	Second	Third
			quarter	quarter	quarter	quarter	quarter	quarter
			Percentage changes from previous year					
<i>Volume, chained prices</i>								
Final consumption expenditure	+ 1.4	+ 1.1	+ 2.7	+ 2.3	+ 0.3	+ 2.1	- 0.2	+ 0.0
Households ¹	+ 0.5	+ 1.3	+ 3.9	+ 2.7	+ 0.5	+ 2.8	- 0.4	+ 0.3
General government	+ 4.0	+ 0.4	- 0.7	+ 1.2	- 0.1	+ 0.1	+ 0.3	- 0.9
Cross capital formation	+ 1.0	- 12.7	- 18.6	- 11.8	- 8.5	- 7.8	+ 5.3	+ 4.4
Gross fixed capital formation	+ 4.1	- 8.8	- 12.3	- 6.6	- 5.6	- 6.2	- 2.8	- 2.7
Machinery and equipment	+ 7.5	- 14.5	- 20.8	- 13.1	- 12.0	- 5.1	+ 0.3	+ 0.4
Construction	+ 1.6	- 6.0	- 8.4	- 3.6	- 1.6	- 7.5	- 4.7	- 4.7
Exports, goods and services	+ 1.0	- 16.1	- 21.2	- 15.6	- 7.5	+ 4.2	+ 13.4	+ 13.9
Goods	+ 0.1	- 18.6	- 24.5	- 17.5	- 7.6	+ 4.9	+ 15.9	+ 16.3
Services	+ 3.3	- 9.5	- 10.7	- 10.6	- 7.6	+ 2.4	+ 7.0	+ 7.9
Imports, goods and services	- 0.9	- 14.4	- 19.0	- 12.5	- 9.6	+ 2.9	+ 10.4	+ 11.7
Goods	- 0.7	- 15.3	- 20.5	- 13.2	- 9.0	+ 4.1	+ 12.2	+ 13.1
Services	- 2.1	- 10.7	- 12.6	- 10.0	- 11.6	- 1.8	+ 3.3	+ 6.1
Gross domestic product	+ 2.2	- 3.9	- 5.7	- 3.6	- 0.9	+ 0.1	+ 2.4	+ 2.4
Manufacturing	+ 3.5	- 14.3	- 18.9	- 14.1	- 6.8	+ 0.6	+ 9.5	+ 8.2
Gross domestic product, value	+ 4.1	- 3.1	- 5.0	- 2.9	+ 0.0	+ 1.6	+ 3.9	+ 4.9

Source: WIFO. – ¹ Including private non-profit institutions serving households.

Inflationary pressure remains subdued, the inflation rate stood at 2 percent in October. Around one third of the price increase can be attributed to price rises for mineral oil products. Higher world market prices for agricultural products somewhat intensified the upward pressure on food and clothing prices at the consumer level. The prices of many services and durable consumer goods, by contrast, continue to rise at only a very modest pace, which reflects the absence of cyclical inflation.

Following the deep downturn during the financial market crisis, world trade began to accelerate strongly at the beginning of 2009, and has again reached pre-crisis levels. But the pace of growth has slowed appreciably of late (according to CPB, first quarter of 2010 +5.2 percent in real terms, seasonally adjusted, compared with

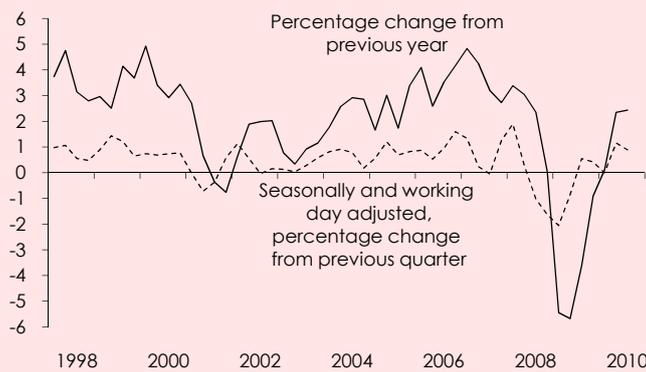
**World trade growth
losing strength**

the previous quarter, second quarter +3.2 percent, third quarter +0.9 percent). This is mainly the result of merely modest import growth in the industrialised countries – in the euro area imports even stagnated in the third quarter. Japan saw hitherto lively industrial activity flatten noticeably: seasonally adjusted output posted its fifth straight month-on-month decline in October, portending a slowdown in the expansion of demand also in Asia's emerging economies. In the third quarter, imports of this group of countries grew by +1.8 percent from the previous quarter, much more slowly than at the beginning of the year, but faster than in the second quarter. Demand in Latin America's emerging economies, by contrast, remains dynamic, with imports recently rising by 4.4 percent relative to the previous quarter.

World trade will grow by more than 10 percent this year, but the growth momentum has weakened noticeably of late. While the emerging market economies continue to expand at a vigorous pace, activity in the industrialised countries remains subdued, primarily owing to the unstable situation in financial markets.

Figure 1: Growth of real GDP

Percentage changes from previous year (quarter)



Source: WIFO.

There is high uncertainty in the global economy, with notably financial markets continuing to face considerable risks. In the EU, they manifest themselves in recurring sovereign debt crises in some countries, in the USA in the unstable situation in the real estate sector. The banking system remains vulnerable in both economic areas. The prevailing uncertainty also manifests itself in the high volatility of exchange rates and commodity prices. The trend towards an appreciation of the euro vis-à-vis the dollar was recently interrupted again in connection with Ireland's crisis; at the beginning of December, the exchange rate was \$ 1.32 per euro. The Japanese Yen has been appreciating significantly for more than two years both against the euro and the dollar; at the beginning of December a mere 110 yen were paid for one euro. Crude oil prices expressed in US-dollar terms have again risen sharply lately. Even stronger price increases have been registered in recent months for metal raw materials and – owing to bad harvests – food.

In the spring of 2010, the US economy changed to a course of moderate growth. Quarter-on-quarter real GDP growth stood at 0.6 percent in the third quarter, while year-on-year growth was 3.2 percent. The steady recovery of the industrial sector is supported by exports and household demand for consumer durables. However, industry now contributes a mere 11 percent to overall value added. The problems in the real estate and construction sectors, by contrast, persist. House prices, while stabilising after their sharp fall between the third quarter of 2006 and the second quarter of 2009, are not recovering. As a result, the repayment of numerous mortgage loans is at risk, and residential construction, like business construction, cannot break free from the recession.

Consumer demand has expanded steadily over the past few months, most recently to 5.8 percent of disposable income, despite a marked rise in the household saving ratio. This surprises, in particular in view of the high number of unemployed and their bad social protection. The seasonally adjusted unemployment rate stood at 9.8 percent in November, 0.3 percentage point below its peak in October 2009.

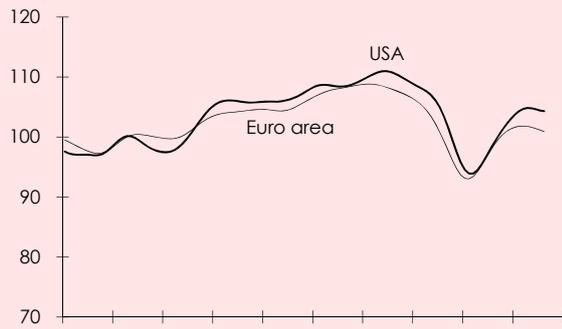
Activity in USA moderate

Economic activity in the USA continues to be dampened by the real estate and construction sectors. Industrial production and – despite unfavourable labour market conditions – also household consumer demand are growing steadily.

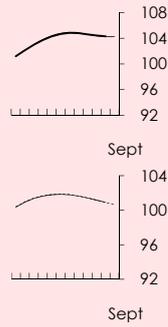
Figure 2: International business climate

Seasonally adjusted, 2000 = 100, 3-month moving average

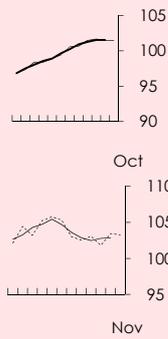
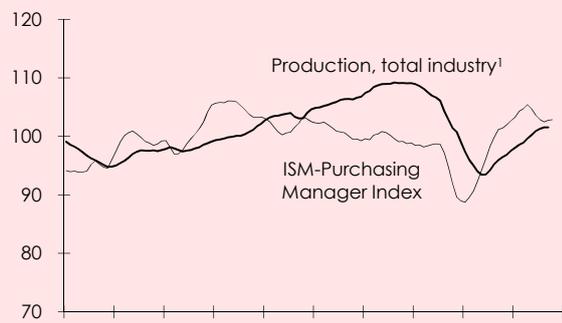
Leading indicators



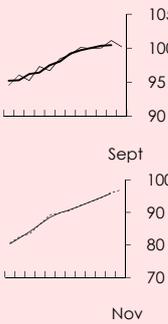
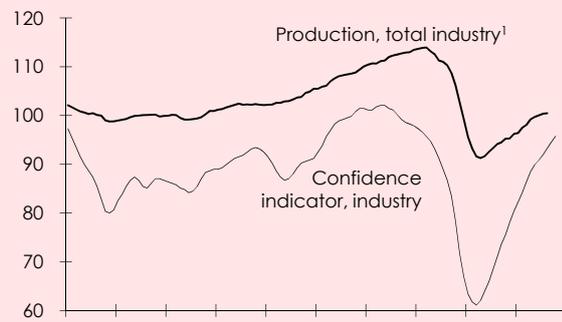
12-months performance



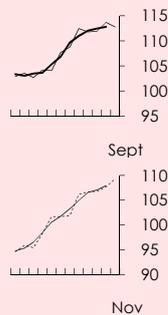
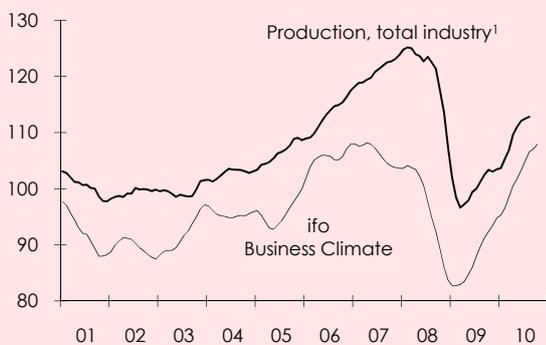
USA



Euro area



Germany



Source: European Commission, Deutsche Bundesbank, ISM (Institute for Supply Management™), ifo (Institute for Economic Research, Munich), OECD. – ¹ Excluding construction.

The economic recovery in the EU is proceeding at only a modest pace. Real GDP advanced by 0.5 percent, quarter-on-quarter, and by 2.2 percent, year-on-year, in the third quarter. The recovery is driven mainly by exports. The strong demand from Asia benefits notably the economies with internationally competitive industrial sectors. In addition to Germany, Austria, the Benelux and the Scandinavian countries, they also include the Czech Republic and Slovakia. This group of countries with lively export activity is driving almost all the economic growth in the EU in 2010. Activity in the industrial sector remained lively also towards the end of the year, according to latest indicator-based evidence. Output and incoming orders did decline in September on a month-on-month basis, but the European Commission's economic survey for October and November shows a noticeable improvement in firms' production expectations and their assessment of new orders, in particular from abroad. The capacity utilisation rate, at 77.9 percent at the beginning of the fourth quarter did not yet reach the long-run average of 80.9 percent, but was much higher than the trough of 70.2 percent in mid-2009.

The performance of Germany's economy is particularly strong in the export sector, notably because of the favourable structure of its industry and its high price competitiveness: the machine-building industry and the vehicle industry are benefiting to an extraordinary degree from buoyant investment activity in the emerging economies of Asia and Latin America. In the third quarter, real GDP exceeded the year-earlier level by 3.9 percent. The Ifo Business Climate Index suggests that economic activity will remain buoyant also at year-end, in particular in the industrial sector and in wholesaling. Consumer confidence has also improved appreciably lately, supported by the favourable situation in the labour market.

Notably those economies are lagging behind in the export upturn that suffer from persistent problems in the real estate sector, insufficient competitiveness, and early measures to consolidate public households. The recession in Greece and Romania intensified further, with real GDP declining by 4.5 percent and 2.2 percent, respectively, in the third quarter compared with a year earlier. Spain's GDP remained flat; additional consolidation measures will be implemented already at the beginning of 2011. The economic survey conducted by the European Commission shows that in a number of countries consumer confidences and the assessment of business conditions in the construction sector have deteriorated appreciably lately.

The international financial and economic crisis is leaving deep marks on the European labour market. In the EU, the seasonally adjusted number of unemployed rose from 16 million in the spring of 2008 to more than 23 million in October 2010. Over this period, the unemployment rate rose from 6.7 percent of the labour force to 9.6 percent in the EU, and from 7.2 percent to 10.1 percent in the euro area. A trend reversal is not in sight.

However, labour market developments have been highly uneven across EU countries. Unemployment is falling moderately in the export-oriented group of countries around Germany, whereas it continues to rise unabatedly in the group of countries with an economy characterised by structural problems and a restrictive budget policy. In Spain, the seasonally adjusted unemployment rate was 20.7 percent of the labour force in October 2010, almost twice as high as prior to the crisis; the youth unemployment rate recently reached 43.2 percent of the labour force.

Austria owes its economic recovery primarily to the upward trend in the export industry: goods exports have been expanding again significantly since mid-2009. According to the national accounts computed by WIFO, they were 5.5 percent higher (seasonally adjusted) in the third quarter than in the second quarter, and thus already exceeded the trough in the second quarter of 2009 by 22 percent. A particularly strong increase was registered in Austrian supplies to the world-market-oriented German economy, with goods exports to Germany in the first nine months of 2010 surpassing the year-earlier level by 17.5 percent, according to the foreign trade statistics by Statistics Austria. Exports to Europe's other dynamic industrialised countries

Division of economic activity in the EU

While a group of countries around Germany benefit from brisk export demand, EU countries with a restrictive budget policy and structural weaknesses remain in recession.

EU unemployment rising further

A trend reversal of the marked rise in unemployment caused by the financial crisis is not yet in sight. In seven EU countries the unemployment rate has already surpassed the 10 percent mark – in some of them significantly.

Austria's industry expanding vigorously

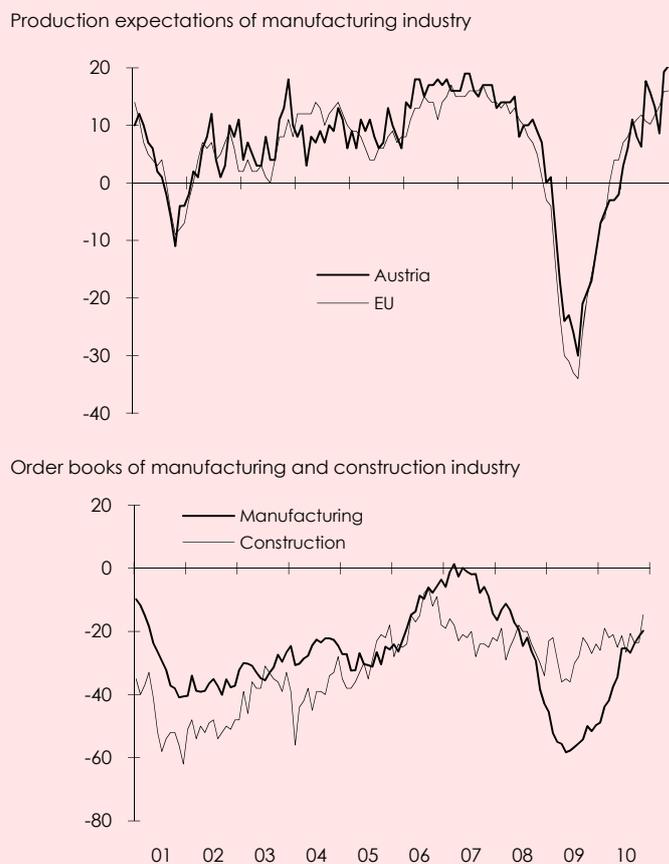
also grew briskly (Slovakia +23 percent, Sweden +27 percent), while exports to the Balkan countries and to some countries of Southern and Eastern Europe were affected by the slack trade there.

The strong demand for exports has led to a vigorous expansion of production in the manufacturing sector, notably in the steel and metal industry. From January to September, industrial production increased by 6 percent year-on-year. The expansion continued in the autumn, according to WIFO's business cycle survey. Production expectations once more improved considerably in October and November, with the balance of positive and negative responses, at +18 percentage points, clearly exceeding its medium-term average. The assessment of order books, notably export order books, also improved further. Firms also gave a more optimistic assessment than of late of business conditions in six months.

Austria's manufacturing sector benefits from robust international demand for capital goods. In the WIFO business cycle survey of October and November, firms once more gave a more favourable assessment of their production outlook and order book levels.

Figure 3: WIFO business cycle survey

Differences between the percentage shares of correspondents giving positive and negative replies, seasonally adjusted



Source: European Commission, WIFO business cycle survey. Following the change to NACE rev. 2 data classification in May 2010, caution should be exercised for comparison with earlier data.

The manufacturing sector's quick recovery from the crisis is also reflected in the evolution of employment. In October, the number of persons employed already exceeded the level at the beginning of the year by 23,000; however, it was still down by 56,000 from the peak in mid-2008.

One commonly speaks of a "self-sustaining upturn" once an export upturn spreads to firms' investment activity. This has not yet occurred in the current phase of the business cycle. While the persistent decline in equipment investment by a cumulative 13 percent since mid-2008 did come to a halt in the second quarter of 2010 (according to the national accounts computed by WIFO +0.1 percent in real terms,

**Investment activity
not yet getting off the
ground**

quarter-on-quarter, in the second quarter, +0.2 percent in the third quarter), a recovery has not started as yet, despite a marked rise in the capacity utilisation rate in recent quarters. At 83.4 percent in the fourth quarter of 2010, capacity utilisation in the manufacturing sector is slightly higher than its long-run average (82 percent). Firms still seem to be very uncertain about their medium-term sales prospects, despite high capacity utilisation rates and optimistic production expectations. They are expected to bring forward investment in the fourth quarter in anticipation of the expiry of the investment tax relief scheme at the end of 2010. First results of the WIFO investment survey also portend a marked revival in investment activity by manufacturing firms in the coming year.

The crisis of construction investment has not been overcome yet; investment in this sector has been contracting since the spring of 2008 (third quarter 2010 -0.9 percent in real terms, compared with the previous quarter). Industrial construction lacks the stimulus from fixed capital formation, residential construction is faced with a persistent drop in the number of approved subsidised flats, and value added in civil engineering is declining despite the ongoing effect of stimulus packages. However, the WIFO business cycle survey indicated a slight improvement in construction activity in October and November, with firms judging their current construction activity more favourably than in the preceding months. The assessment of order books and expectations regarding price and employment developments also pointed slightly upward.

Household consumption proved to be an important stabilising factor during the recession. It did not contract, but increased steadily. The growth rates were modest, however, owing to weak income growth, fluctuating between +0.2 percent and +0.4 percent in real terms quarter-on-quarter. In the third quarter, the rate of increase was 0.2 percent quarter-on-quarter, or 0.3 percent year-on-year.

Real retail sales increased by an average 2.3 percent from January to September 2010, compared with the same period a year before. The seasonally adjusted rate of change was +2 percent, clearly higher than the euro-area average (+0.9 percent) or the German rate (+1.1 percent). Car sales also increased, despite the expiry of the car-scrapping scheme (January to September +2.8 percent year-on-year, September +4.2 percent).

The tourism sector has coped well with the recession. The slight decline in the number of overnight stays recorded last year was made up for in the 2010 summer season (+1.3 percent). This is largely attributable to the strong increase in city tourism (Vienna, Salzburg and Innsbruck +10 percent). However, guests continue to spend less, sales increased by only 0.2 percent year-on-year in the summer season.

Inflation as measured by the consumer price index stood at 2 percent in October. Around one third of this price increase can be attributed to price rises for mineral oil products, which were reflected in noticeable cost increases in the housing and transport categories. Increases in world market commodity prices also accounted for price rises in the food and clothing expenditure categories (+1.9 percent and +2.4 percent, respectively). By contrast, upward pressure on the prices for many services and consumer durables remained very moderate, reflecting weak cyclical inflation in the face of modest increases in unit labour cost and average capacity utilisation levels.

The Harmonised Index of Consumer Prices rose by 1.9 percent in October compared with a year earlier. Inflation in Austria was thus in line with the euro-area average (+1.9 percent), but continued to be noticeably higher than in Germany (+1.3 percent). From January to October, the inflation rate as measured by the national consumer price index averaged 1.8 percent and was thus considerably higher than the increase in gross negotiated wages (+1.5 percent).

While the decline in equipment investment has come to a halt, a substantial recovery has not got off the ground as yet. Construction investment continues to contract, but business sentiment is slightly improving.

Steady pick-up in consumer demand

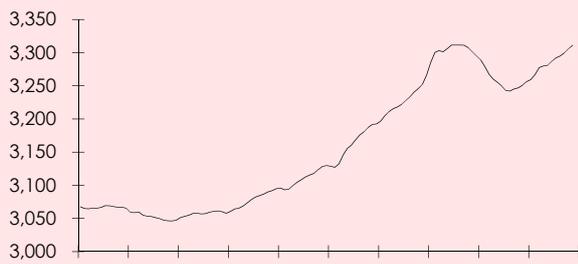
Austria recently saw real private consumption expenditure grow by ¼ percent each quarter, i.e., not faster than during the overall economic recession.

Inflation driven by commodity price increases

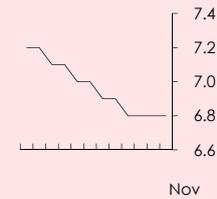
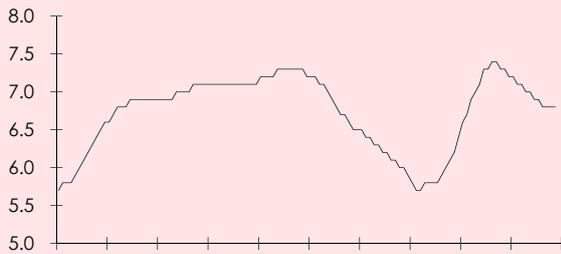
Inflation recently rose to a rate of 2 percent, which is generally defined as price stability. This acceleration is primarily a result of price increases for crude oil and other commodities.

Figure 4: Key economic indicators

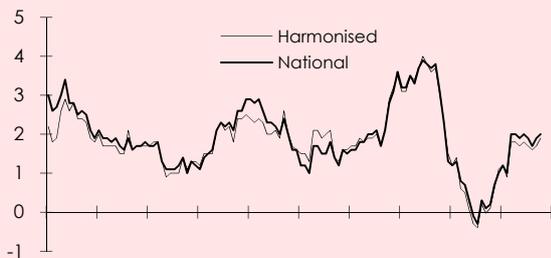
Persons in active dependent employment¹, (1,000), seasonally adjusted



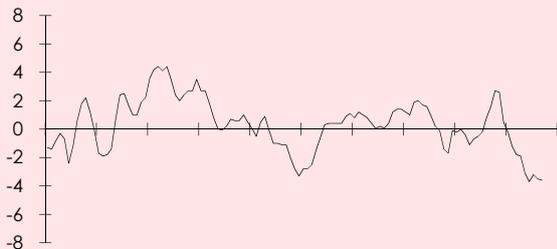
Unemployment rate, traditional Austrian method², seasonally adjusted



Consumer prices, year-to-year percentage changes



Real effective exchange rate, year-to-year percentage changes



10-year central government bonds (benchmark), percent



Source: Public Employment Service Austria, Federation of Austrian Social Security Institutions, Oesterreichische Nationalbank, Statistics Austria, WIFO calculations. – ¹ Excluding parental leave, military service, and unemployed persons in training. – ² As a percentage of total labour force excluding self employed, according to Public Employment Service.

Methodological Notes and Short Glossary

Period comparisons

Time-series comparisons with the previous period, e.g., the previous quarter, are adjusted for seasonal effects. They also include effects that result from a different number of working days in the period (e.g., Easter). In the text, reference is made to "seasonally and working day adjusted changes".

The phrase "changed compared with a year before . . .", on the other hand, describes a change compared with the same period a year before and refers to unadjusted time series.

The analysis of the seasonally and working day adjusted development provides more precise information about the actual course of economic activity and shows turning points sooner. However, the data are subject to additional revisions as seasonal adjustment is based on statistical methods.

Carry-over (in economic growth)

The carry-over identifies the impact of the dynamics of a series (in seasonally adjusted figures) during one year (t_0) on the annual percentage change in the following year (t_1). It is defined as the annual percentage change in year t_1 , if GDP in t_1 remains constant at the level of the fourth quarter of year t_0 (in seasonally adjusted terms).

Real and nominal values

In principle, the values shown must be understood as real values, i.e., adjusted for price effects. Whenever values are shown as nominal values (e.g., foreign trade statistics), this is specifically mentioned.

Production Sector

This term comprises the NACE-2008 sections B, C and D (Mining and Quarrying, Manufacturing, Energy Supply) and is here used in an international comparison.

Inflation, CPI und HICP

The inflation rate measures changes in consumer prices compared with a year before. The Consumer Price Index (CPI) is a measure of national inflation. The Harmonised Index of Consumer Prices (HICP) is the basis for comparable measurement of inflation in the EU and for the evaluation of price stability in the euro area (see <http://www.statistik.at/>).

WIFO Business Cycle Survey and WIFO Investment Survey

The WIFO business cycle survey is a monthly survey in which around 1,100 Austrian firms are asked to assess their current and future economic situation. The WIFO investment survey is conducted twice a year, asking companies about their investment activity (<http://www.ikt.at/>). The indicators are balances between the positive and negative responses expressed as a percentage of the total number of firms sampled.

Unemployment rate

Austrian national definition: The number of persons registered as job seekers with the Public Employment Service expressed as a percentage of the dependent labour force. Labour force is the sum of the unemployed and the persons in dependent employment (measured in standard employment relationships). Database: registrations with the Public Employment Service (AMS) and Association of Austrian social insurance agencies.

Definition according to ILO and EUROSTAT: Any person who is not gainfully employed and is actively seeking work is considered unemployed. Gainfully employed persons comprise all persons who during the reference week worked for at least one hour in a self-employed capacity or in paid employment. Persons receiving child-care benefit and apprentices are classified as gainfully employed, whereas persons in military service or persons carrying out alternative service are not. The unemployment rate is the number of unemployed persons expressed as a percentage of the total labour force (unemployed persons plus gainfully employed persons). Database: data from household surveys ("Mikrozensus").

Terms used in connection with the national definition of the unemployment rate

Persons in training: Persons who at a set date are enrolled in AMS (Public Employment Service) training programmes. When calculating the unemployment rate, their number is not taken into account either in the denominator or in the numerator.

Persons in dependent active employment: "Persons in dependent employment" include persons receiving child-care benefit, as well as persons in military service or persons carrying out alternative service with a valid employment contract. By deducting their number one arrives at the number of "persons in dependent active employment".

The economic recovery, notably in the industrial sector, has had a clear impact on the labour market: the number of persons registered as unemployed stood at 244,000 in November, a decline by 13,000 from a year earlier; including unemployed persons enrolled in vocational training programmes, the number fell by 19,000 to

**Job market easing
further**

317,000. The seasonally adjusted number of persons registered as unemployed was 248,000 in November, or 6.8 percent of persons in dependent employment, according to the traditional Austrian method of calculation, or 4.8 percent of the labour force, according to Eurostat. Hence, unemployment receded by 20,000 from the peak in September 2009, but still exceeded the trough in March 2008 by 41,000.

The improvement in the labour-market situation is also apparent in the increase in the number of persons in dependent active employment: it stood at 3,301 million in November, an increase by already 61,000 from a year earlier. On a seasonally adjusted basis it exceeded the trough in August 2009 by 69,000 and reached a new peak. The vacancy-unemployment ratio was 1 : 8 of late.

In November, the seasonally adjusted number of persons registered as unemployed fell by 20,000 from its peak in September 2009, but exceeded the trough in March 2008 by 41,000.