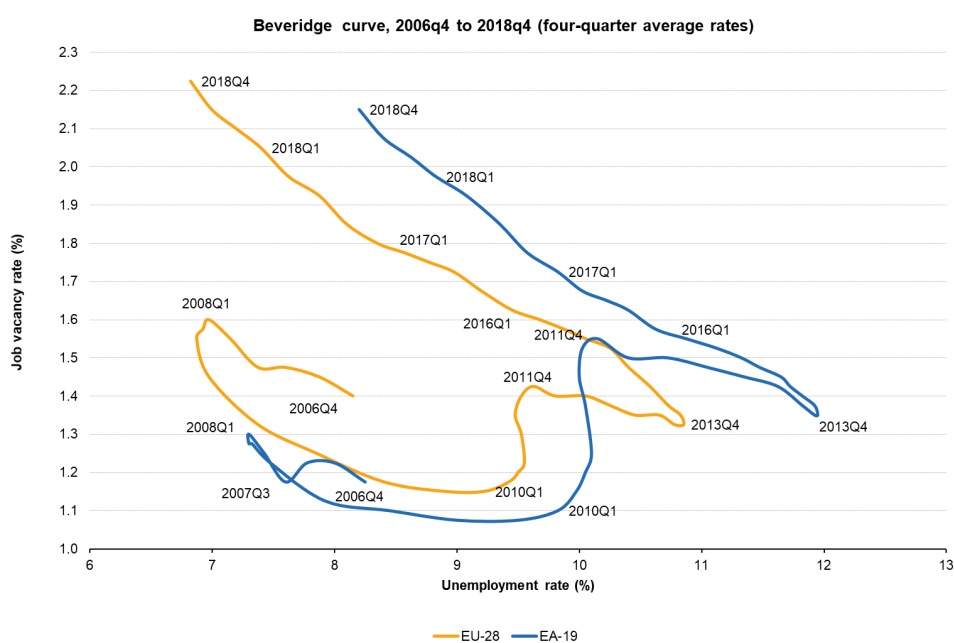


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Job vacancy and unemployment rates - Beveridge curve

Data extracted in June 2019
Planned article update: December 2019

Highlights



Source: Eurostat (online data codes: jvs_q_nace2, lfsq_urgan)

eurostat



Beveridge curve, Q4-2006 to Q4-2018 (four-quarter average rates)

Source: Eurostat ([jvs_q_nace2](#)) and ([lfsq_urgan](#))

This article gives an overview of developments in the relationship between the [job vacancy rate \(JVR\)](#) and the [unemployment rate \(UR\)](#) in the [European Union \(EU\)](#). The most recent developments in Job Vacancy Statistics are analysed [here](#) and in the unemployment rate [here](#).

Full article

Background

Background

The Beveridge curve reflects the negative relationship between vacancies and unemployment.

Fluctuations in [aggregate demand](#) generate movements along the curve. During contractions of the economy, there are few vacancies and high unemployment, while during expansions there are more vacancies and the unemployment rate is low.

Structural changes in the economy can also generate outward or inward shifts in the Beveridge curve.

In the first case, concurrent increases in the vacancy and unemployment rates can be identified at times of uneven growth across regions or industries when the matching efficiency between labour supply and demand decreases. In the case of inward shifts, concurrent decreases in the vacancy and unemployment rates can be observed when the matching efficiency of the labour market improves; this could be, for example, due to a better flow of information on job vacancies thanks to the internet.

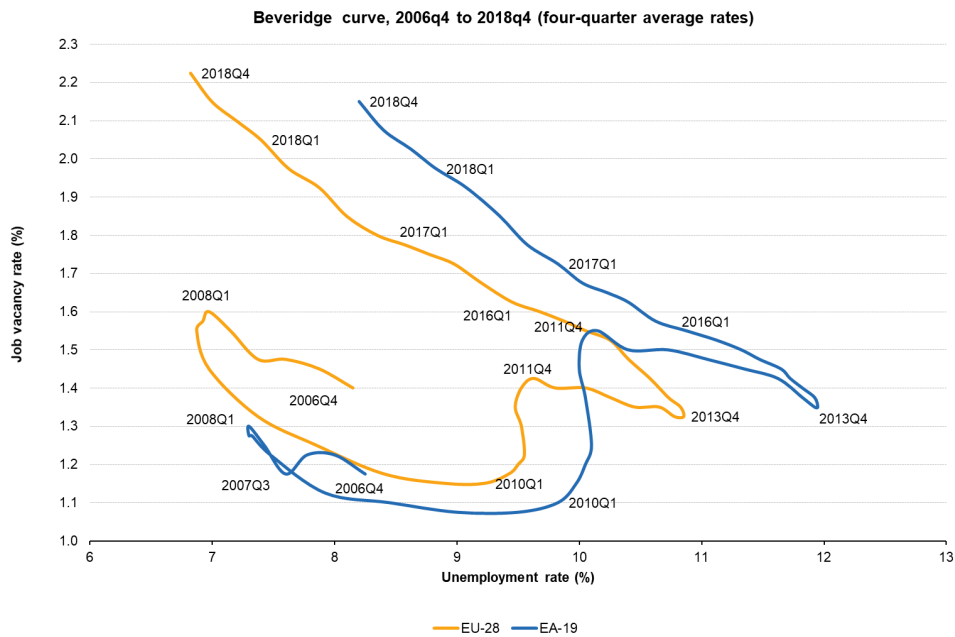
The empirical analysis of the curve can be challenging, as both movements along the curve and shifts might be taking place at the same time with different intensities.

Figures averaged over four quarters

For the analysis to be clearer, it was chosen to average JVR figures over four quarters (e.g., the figure for Q4-2018 is calculated as an average of Q1-2018, Q2-2018, Q3-2018 and Q4-2018). For consistency reasons, UR data based on quarterly LFS were also averaged over four quarters. As a consequence, figures used in this publication differ from other releases of Eurostat.

The Beveridge curves for the euro area and the EU-28

Figure 1 shows the Beveridge curves for the [euro area \(EA-19\)](#) and the [EU-28](#). The 2008-2009 worldwide recession and the ensuing sovereign debt crisis had a major impact on the EU [labour markets](#) which manifested itself in the unemployment rate soaring and job vacancies plummeting at the same time. From 2010 to 2013, and most notably over the 2010-2011 period, there was a significant outward shift in the Beveridge curves that may reflect disparities across Member States: most of the job vacancies have been created in countries with comparatively low unemployment. From 2014 onwards, we can observe movements along the Beveridge curve caused by an increase of the job vacancy rates in the euro area and the EU-28 going along with a decrease in the unemployment rates in both areas.



Source: Eurostat (online data codes: jvs_q_nace2, lfsq_urgan)

eurostat 

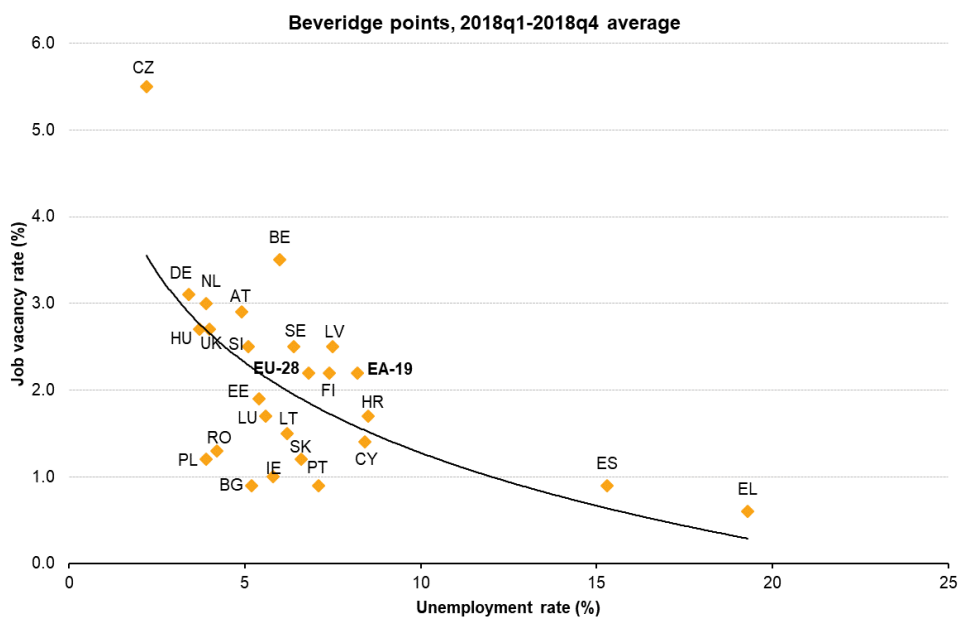


Figure 1: Beveridge curve, Q4-2006 to Q4-2018 (four-quarter average rates)

Source: Eurostat ([jvs_q_nace2](#)) and ([lfsq_urgan](#))

Cross-country Beveridge "points"

As a further step in the analysis, one can plot the JVR and the UR of a given country at a given moment in time. This gives an indication of the situation of job matching on the national labour markets. As can be seen in Figure 2, the countries cluster in different groups. At the upper end of the trend curve are the Czechia, Germany, the United Kingdom and the Netherlands with rather low unemployment and high vacancy rates, while at the lower end of the curve are Greece and Spain with high unemployment and low vacancy rates. The countries above the curve may have a comparatively poorer matching efficiency than countries situated below. It is also to be noted that the countries whose job vacancy statistics do not cover the whole economy, namely, Denmark, France, Italy and Malta, are not included as this may distort the JVR/UR relationship.




Source: Eurostat (online data codes: jvs_q_nace2, lfsq_urgan)



Figure 2: Beveridge points, Q1-2018-Q4-2018 average

Source: Eurostat ([jvs_q_nace2](#)) and ([lfsq_urgan](#))

Source data for tables and graphs

- [Beveridge Curve and points, figures shown on this page, fourth quarter 2018](#) 

Data sources

The basis for this analysis are quarterly data on unemployment, vacancies and [occupied posts](#).

Quarterly data on job vacancies and occupied posts may be presented as broken down by [economic activity](#) and [enterprise size](#). The national statistical authorities responsible for compiling job vacancy statistics send these statistics to [Eurostat](#). Their data are used to compile the job vacancy rate for the EU Member States, the EU-28 and the euro area.

Some of the data provided by the Member States fail to match common criteria and there may be differences in the coverage of the data between countries; as a result, there are currently no EU-28 totals for the actual numbers of job vacancies or occupied posts. The EU-28 and euro area job vacancy rates are calculated on the basis of the information that is available. It is therefore not possible, at

present, to calculate EU-28 or euro area job vacancy rates broken down by economic activity or size of enterprise.

Context

The job vacancy rate, in part, reflects the unmet demand for labour, as well as potential mismatches between the skills and availability of those who are [unemployed](#) and those sought by employers. Job vacancy statistics are used by the [European Commission](#) and the [European Central Bank \(ECB\)](#) to analyse and monitor the evolution of the labour market at national and European level. These statistics are also a key indicator used for an assessment of the [business cycle](#) and for a structural analysis of the economy.

Policy developments in this area have mainly focused on trying to improve the labour market by more closely matching supply and demand, through:

- modernising and strengthening labour market institutions, notably employment services;
- removing obstacles to worker mobility across Europe;
- better anticipating skill needs, labour market shortages and bottlenecks;
- managing economic [migration](#);
- improving the adaptability of workers and enterprises so that there is a greater capacity to anticipate, trigger and absorb economic and social change.

EU policies in the area of job vacancies aim to improve the functioning of the labour market by trying to more closely match supply and demand. In order to enable job seekers to consult all vacancies publicised in each of the Member State's employment services, the [European jobs and mobility portal EURES](#) was set up.