

Eurozone unemployment rate hits record high

Unemployment in the Eurozone reached a record high again in March as spending cuts continued to hit the working population

For all 17 nations in the Eurozone, the jobless rate rose again to 10.9 percent, the highest since the Euro was formed in 1999. For the Eurozone, 17.4 million are now looking for work and more than 3 million of those are under 25. Italy's unemployment rate reached a 12-year high, up to 9.8 percent. And in a surprise move, the jobless rate in Germany rose to 6.8 percent in March, official figures showed, having been expected to stay at the previous month's 6.7 percent after six months of declines. The number of Germans out of work is now at 2.87 million. For the whole of the European Union, including countries such as the UK and Denmark, the jobless rate is 10.2 percent. The data pushed shares in Europe lower, with stocks in Madrid falling 2.6 percent to close at the lowest in three years.

Recently, Spain said that the number of jobseekers rose for the eighth month in a row in March to hit 5.6 million, a record rate of 24.4 percent. Spain has the highest unemployment rate in the European Union and it



People stand in line to enter a government-run employment office in Madrid

is expected to rise further this year. Spain and Italy are both in recession and have seen borrowing costs rise, raising the prospect that they may need help or even bailouts. A debate is raging in Europe about whether politicians have prioritised

austerity at the expense of economic growth, making recovery even harder for themselves. Eurostat said that the EU member countries that had the biggest falls in unemployment in the past year were on Europe's eastern fringe — Lithuania,

Latvia and Estonia. Those with the biggest increases were Spain, Greece and Cyprus.

Separately, a survey of Eurozone manufacturing indicated that the sector slipped further into decline last month as new orders fell

for the 11th straight month.

Markit's manufacturing purchasing managers' index (PMI) dropped to 45.9 in April, from 47.7 in March, its lowest reading since June 2009. A reading below 50 indicates contraction in the sector.

Lufthansa to cut 3,500 jobs to reduce costs

German airline Lufthansa is to cut 3,500 jobs as it seeks to cut its administrative costs by a quarter

The airline will cut those full-time jobs in administrative departments worldwide over the next few years. The news came as its loss narrowed to 379m Euros (\$498m; £308m) in the first quarter, from a loss of 507m Euros in same period of 2011. Lufthansa blamed higher fees and taxes, even as quarterly revenues rose by 5.6 percent to a record 6.6bn Euros. These included an air traffic tax imposed in Germany and Austria and the costs of carbon emissions trading in Germany.

"Higher taxes, fees and charges put a massive strain on our quarterly result," said Christoph Franz, Chairman of Lufthansa AG. "We cannot wait until politicians also recognise the damage that one-sided taxes and charges do to aviation and to Europe's reputation as a place to do business." Lufthansa said that fuel costs had risen by 304m Euros in the past year. Last month, Lufthansa completed the sale of loss-making UK airline BMI to IAG, the company that owns British Airways and Iberia.

Edvard Munch's iconic artwork *The Scream* sold



Edvard Munch's *The Scream* is auctioned at Sotheby's

Norwegian expressionist Edvard Munch's *The Scream* has become the most expensive artwork sold at auction, after it fetched \$119.9m (£74m)

The 1895 pastel was bought by an anonymous buyer at Sotheby's in New York. Bidding lasted 12 minutes. The work is one of four in a series by the Norwegian expressionist artist and was the only one still owned privately. Proceeds of the sale are to go towards founding a new museum, hotel and art centre in Norway. Seven bidders were competing for the work, which had a starting price of \$40m. The crowd

broke into applause, following the sale. The sale price includes the buyer's premium.

The previous record for an artwork sold at auction was for Picasso's *Nude, Green Leaves, and Bust*, which sold for \$106.5m in 2010. The other three versions of *The Scream* are all owned by Norwegian museums, but Sotheby's say the version they sold is the most colourful. It is also the only one to include a poem by Munch on the frame, which talks of the inspiration behind the series of works. The piece was sold by businessman Petter Olsen, whose father was friendly with the Norwegian artist.

European Union finance ministers seek deal on bank capital rules

EU finance ministers have met in Brussels to try to strike a deal on so-called bank capital cushions

EU states continue to remain deeply divided on how much money Europe's financial institutions should set aside to cover risk. One group, led by France and Italy, have called for uniform capitalisation ratios across the bloc. But Britain and Sweden

want more freedom to enforce stricter bank buffers. Sweden's Finance Minister Anders Borg said, "Either we have strong banks or the taxpayers pay the risk, and I prefer to have strong capital in the banks than to take risks with the taxpayers."

One country desperately seeking a deal on capital buffers is Spain. Recently, 11 Spanish banks had their credit rating cut by Standard and

Poor's as the country once again sunk into recession. "In these times of financial crisis, we believe it's essential and fundamental to remove all doubt about the quality and the soundness of Europe's banks," Spanish Finance Minister Luis de Guindos said. One possible compromise would be to allow a margin of flexibility enabling countries to individually increase capital cushions up to a certain limit.

In a Samsung Galaxy far, far away ... will Android still rule?

Samsung Electronics is the world's largest smartphone manufacturer and biggest user of Google's Android operating system

Samsung's meteoric rise — in the first quarter of 2011 it shipped fewer smartphones than Apple, Nokia or Research in Motion, but is now market leader — has handed it a dilemma. Does it risk becoming a commodity manufacturer of hardware, squeezed like the PC makers of old between narrowing margins and those who control the software that makes their devices run, or



does it try to break into other parts of the business — the so-called mobile ecosystem?

"It comes down to this sense of what it's they want to be," said Tony Cripps, principal analyst at Ovum. "Do they really want to be one of the power players or are they happy en-

abling someone else's ecosystem?"

To be sure, Samsung isn't in any kind of trouble, and isn't likely to be so any time soon. Juniper Research expects Samsung to remain the No.1 smartphone manufacturer this quarter. The next iPhone upgrade is expected around the third quarter.

"Android has done wonders for them," says India-based Gartner analyst Anshul Gupta.

But still the company has its critics. They worry that Samsung has yet to address the central contradiction of it making devices that use someone else's operating system.