

Spain

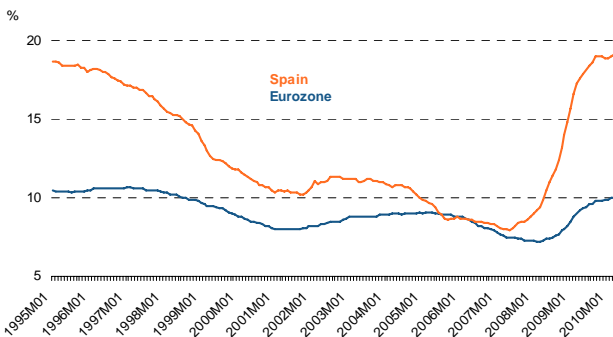
Spanish unemployment breaks through the 20% barrier

Key findings

- Unemployment continues to rise in Spain.
- Rate of unemployment twice the Eurozone average.
- PMI data signal further job cuts.

Latest data from the Instituto Nacional de Estadística (INE), published on 30 April, indicated that unemployment in Spain breached the 20% mark in the first quarter of 2010. There are now more than 4.6 million people unemployed in Spain, taking the unemployment rate to twice the Eurozone average.

Eurostat unemployment rates



Source: Eurostat

Rising long-term unemployed

Digging deeper into the latest official data reveals a rise of 200,000 in the number of people unemployed for more than one year to 1.68 million. This category now makes up around one-third of the jobless total. Moreover, pressure on the Spanish government to reduce the budget deficit in light of the recent downgrading of its credit rating by S&P will most likely make it more difficult for the government to introduce new measures to address the problem of mounting long-term unemployment.

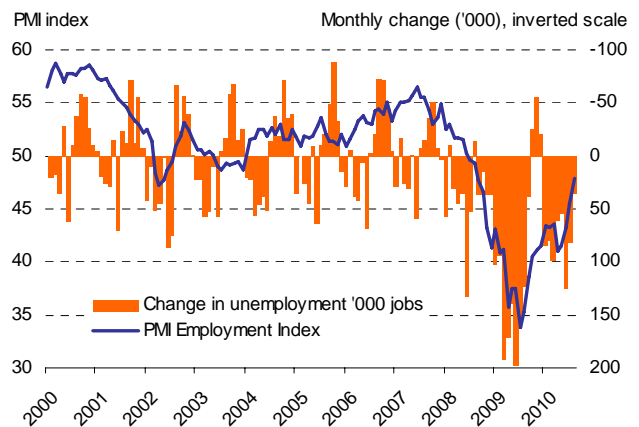
PMI data provide ray of hope

PMI data, compiled by Markit, also point to substantial job losses in the Spanish economy. A composite

Employment Index of the manufacturing and services surveys signals that employment has fallen in each of the past 26 months, although the rate of job shedding eased during the first quarter of 2010.

More encouragingly, PMI output data pointed to increasing business activity in February and March, suggesting that Spain may finally be exiting recession. This would make it easier for firms to bring an end to job cuts and begin taking on staff, but this scenario still seems some way off.

Spanish Labour Market data



Sources: Markit, Ecowin

PMI data will indicate whether output can continue to strengthen into the second quarter, and whether employment will finally stabilise. The Spain manufacturing report will be released on 3 May, followed by the services report on 5 May. To find out how to receive data from the surveys, or obtain copies of the reports please contact economics@markit.com

Andrew Harker

Economist

Markit

Tel: +44 1491 461 016

Email: andrew.harker@markit.com

For further information, please visit www.markit.com

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.