

# Spain

## Spanish unemployment rate twice the Eurozone average

### Key findings

- **Spain's unemployment rate double the Eurozone average...**
- **...the biggest divergence between the two in the history of the euro area.**
- **PMI data point to further job shedding.**

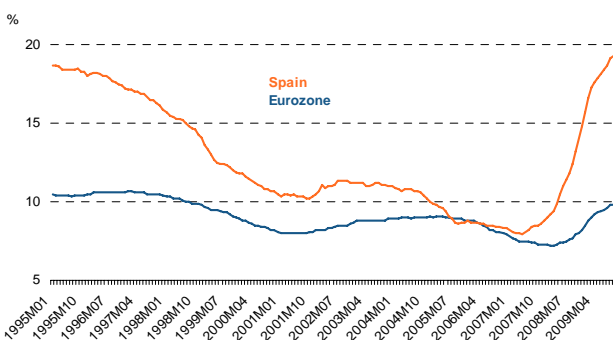
### Spanish unemployment rate nears 20%

Latest data from Eurostat indicated that the unemployment rate in Spain was 19.3% in October, up from 19.1% in the previous month. The current rate of unemployment is the highest for 15 years.

Moreover, the unemployment rate in Spain is now almost double the Eurozone average, with other major Eurozone nations such as France, Germany and Italy recording much lower rates of unemployment as their economies show signs of recovery. In the European Union only Latvia has a higher proportion of the workforce out of work than Spain.

Although Spain's unemployment rate tends to run above the Eurozone average, with only the boom period of late-2005 to early-2007 seeing Spanish rates down to those comparable with the monetary union as a whole, the current discrepancy between the two is the largest in the history of the single currency area.

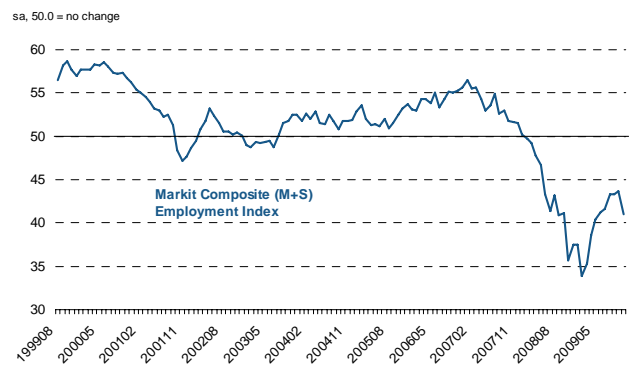
**Chart 1: Eurostat unemployment rates**



Source: Eurostat.

Spanish PMI data, compiled by Markit, has highlighted the severity of the current downturn, with the Composite Employment Index (covering both manufacturing and services) running below the 50.0 no change mark in each month since February 2008. Furthermore, the rate of job shedding in February 2009 was the sharpest in the decade-long series history.

**Chart 2: PMI Employment data**



Source: Markit.

### Unemployment set to rise further in 2010

While both PMI and official data pointed to an easing in the rate of decline in employment during the summer of 2009, this was largely attributed to the government's Plan E stimulus package which created around 400,000 temporary construction posts. With the plan now coming to an end, jobs are set to be cut at a sharper rate again, a trend already signalled by recent PMI data. The Spanish government is now attempting to focus on longer-term measures to boost employment, suggesting that the short-term prospects for employment are bleak. The OECD's latest forecast predicts an average unemployment rate of 19.3% in 2010.

Official employment data for the final quarter of 2009 will be released on 29<sup>th</sup> January, while PMI data will give an advanced indication of labour market trends in Q4 when December data are released for both manufacturing (4<sup>th</sup> January) and services (6<sup>th</sup> January).

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To find out how to receive data from the surveys, or obtain copies of the reports please contact **[economics@markit.com](mailto:economics@markit.com)**

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