

Spain

Spanish unemployment breaks through the 4 million barrier

Key findings

- Unemployment rose sharply again in Q1.
- Manufacturers shed jobs more quickly than service providers.
- PMI data accurately predicted official figures.

Unemployment rose sharply

Data for Q1 2009 from the National Statistics Institute (INE) showed that unemployment rose to 4.01 million as firms continued to slash jobs during the recession. Unemployment was 802,800 higher than the previous quarter and 1.84 million more than one year ago. The unemployment rate now stands at 17.36%.

The sharp falls in employment over recent months have been signalled in advance by PMI data, which are published before the official data (see Chart 1). The Composite Employment Index hit a series-record low in February, from which it rose only modestly in March, producing the weakest quarterly reading in the survey's 11-year history.

Manufacturing cut jobs faster than services

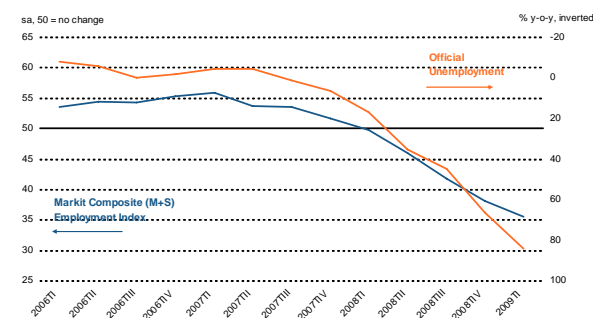
According to both official and PMI data, manufacturing jobs have been lost more quickly than in the service sector. Industry unemployment has risen by 125% over the past year to stand at 373,100 while services unemployment is now 1.45 million (70.7% higher than one year ago). The PMI Employment Index for manufacturing has been below that of services for eleven consecutive months (see Chart 2). Although both indices ticked up slightly at the end of Q1 the rates of job shedding remained substantial.

With the PMI Employment Indices well below the 50.0 no change mark it seems as though the shocking unemployment numbers seen in the first quarter do not represent anything approaching a peak. The soon-to-be released April PMI data will provide some indication

as to whether the rate of job cuts will increase further or stabilise.

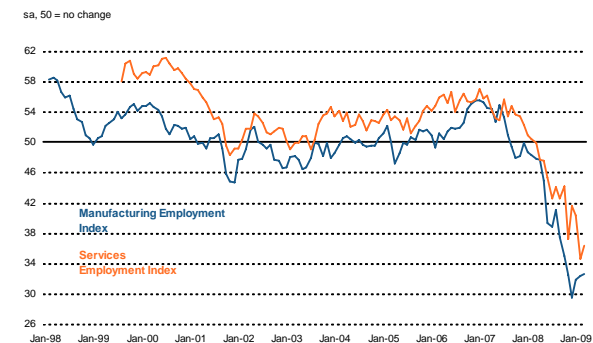
The next Spain Manufacturing PMI is released on May 4, with the Services PMI published on May 6. To find out how to receive data from the surveys, or obtain copies of the reports please contact economics@markit.com.

Chart 1: Spanish employment



Sources: INE, Markit

Chart 2: Manufacturing and Services PMI data



Source: Markit

Andrew Harker

Economist

Markit

Tel: +44 1491 461 016

Email: andrew.harker@markit.com

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