

Eurozone: easing labour shortages yet to impact unemployment rates

The eurozone unemployment rate stood at 6.4% in August, stable compared to July and still at a historic low. While the economy is weakening, it is not yet causing job losses



The unemployment rate remains at the lowest level recorded since the eurozone began in 1999. The low rate remains remarkable given the sluggish economic environment that the eurozone has been in since late 2022. But labour demand remains high despite a weak economic environment. That results in worrisome productivity developments, but also boosts household income growth and confidence in the short-term.

Job vacancy rates in the eurozone have fallen as new vacancies drop. The rate currently stands at 2.6%, down from 2.9% in the first quarter. But despite vacancies coming down, the vacancy rate remains elevated and businesses still report labour shortages as a top concern. That means that unemployment remains low despite economic sluggishness.

The trend is towards further loosening in the job market though. With economic growth falling short, an increase in bankruptcies, and a decline in job vacancies, a slight rise in unemployment is likely to become noticeable. However, given the still substantial demand for labour, we expect that the upward pressure on unemployment will remain limited in the coming months.

Author

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.