

Snap | 2 December 2024

Eurozone unemployment remains at historic low

The unemployment rate remained stable at 6.3% in October, suggesting that the anticipated economic slowdown and signs of reduced hiring have not yet impacted the job market. However, we expect these effects to become apparent over the next year



The labour market is still exerting upward pressure on inflation. Wage growth reached its highest-ever level in the third quarter and unemployment remained at its historic low at the start of the fourth quarter. Most of the large countries saw stable unemployment rates although France experienced a slight uptick from 7.5% to 7.6% while Italy saw unemployment come down from 6% to 5.8%.

The current labour market strength is at odds with our—and many others’—expectations for next year. With demand weak and orders showing signs of continued concern, the consensus is that the eurozone labour market will cool next year with substantially fading wage growth.

Currently, businesses are growing more pessimistic about hiring, with the manufacturing sector being more negative than services. We’re expecting manufacturing job growth to turn negative soon, while services employment should still show small growth at the start of next year.

All in all, though, we're becoming more downbeat on employment expectations and expect unemployment to run up modestly next year. As labour hoarding has been an important element of employment growth in recent years, weakening corporate profits are likely going to result in weakened employment expectations over the course of next year.

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 <http://www.ing.com>.