

## 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.

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