

3 July 2017
Snap

Eurozone unemployment stable in May, weakest month this year

This is the weakest month in terms of unemployment declines this year, however, outlook remains favourable for the labour market.

Eurozone unemployment improved marginally in May 2017, with just 5,000 fewer people unemployed. After a strong start to the year, this may come as a slight disappointment. Given the strength in survey data on employment expectations from businesses in both industry and services, there is no reason to assume that job growth will slow over the coming months. This means that job market strength will remain an important pillar of the current spell of strong growth in the Eurozone economy.

9.3%

Eurozone unemployment rate

Down 10.2% YoY

Worse than expected

While the labour market has gained importance for monetary policy in the Eurozone, the disappointing unemployment rate for May will not make a big difference for the ECB. In fact, even recent recovery in employment has not been enough to make a compelling case for tightening. This means that a possible upcoming tapering decision will not be motivated by price pressures from the job market, but more by the faded deflationary risks and strength in the economy.

[Find the latest data here](#)

If anything, this month's disappointing unemployment numbers stress that normalisation of monetary policy is still far away as it will be a long time before the job market starts to show the long-awaited price pressures that ECB hawks are hoping for.

Bert Colijn

Senior Economist, Eurozone

+31 20 563 4926

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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.