

Snap | 1 June 2022

## Eurozone unemployment unchanged at record low of 6.8%

The unemployment rate was stable at 6.8% in April. Labour market tightness continues despite a cooling economy. This is further confirmation for the ECB that lift-off is appropriate



The unemployment rate remained at its historic low of 6.8% in April

There are not too many signs of weakness in the labour market yet. The unemployment rate remained at its historic low of 6.8% in April, but we did still see a decline in the number of unemployed, just not large enough to move the rate further down. Differences between countries were small in terms of direction, with small declines in unemployment rates in France, Spain and the Netherlands, and stable rates in Italy and Germany.

Employment expectations remain much stronger than economic sentiment at this point. While the economy is clearly cooling, we see that businesses still have decent intentions to hire for the months ahead. The employment expectations index by the European Commission has been trending down slightly in recent months but remains at historically high levels. That means we don't expect unemployment to trend up anytime soon and even lower levels could be reached.

For the ECB, this is confirmation that the labour market is performing well and can stomach the first of the central bank's rate hikes since 2011. Especially as this adds to wage pressures which are expected to result in stronger wage growth over the coming quarters. Economic weakening is a

clear issue for the medium term, but so far there are little signs of that working its way through to the job market.

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