

## Spain: Official unemployment rate too optimistic

The weak increase in the unemployment rate has to do with data collection. Given the severity of the crisis and the sensitivity of the Spanish labour market, we expect a sharp increase this year



Spain's unemployment rate rose to 14.4% in the first quarter of 2020 compared to 13.8% in the previous quarter. The spread of Covid-19 and the lockdown measures implemented on 14 March are obviously the culprit for this rise. But the increase is relatively weak compared to the severity of the virus and the measures taken. Unfortunately, the weak increase does not imply that the Spanish labour market has been less affected. Most household surveys on which the indicator is based had already been carried out by the time the lockdown measures were implemented.

In reality, the shock to the labour market is severe. The weak increase in the unemployment rate implies a loss of 285,600 jobs, but data based on social security shows that almost 900,000 jobs were lost in March alone, which was the highest increase ever.

Given the evolution of the crisis in April, the labour market situation will have been aggravated sharply. As the Spanish labour market also has a lot of vulnerable workers and the tourism sector accounts for about 15% of total employment (see [here](#)), the job market shock will be larger than in other eurozone countries. For now, we expect an average unemployment rate of 18% in 2020,

compared to 14.1% in 2019.