

# Spain's unemployment rate falls in the fourth quarter

Spain's unemployment rate dropped to 11.76% in the fourth quarter of 2023 from 11.84% in the previous quarter, reflecting a resilient labour market amid the economic slowdown



Early morning commuters along the Passeig de Gràcia avenue in Barcelona's Eixample district

## Spanish unemployment rate down in final quarter of 2023

Spain's unemployment rate fell to 11.76% in the fourth quarter of 2023 from 11.84% in the previous three months, as data from the National Statistics Institute showed this morning. Despite an economic slowdown, the labour market performed well during this period. Previously published figures already showed that seasonally adjusted job growth continued in the final months of 2023, albeit at a slower pace than earlier in the year. The buoyant labour market remains a crucial driver of economic growth in the country.

While Spain's unemployment rate is historically low, it is still much higher than in other eurozone countries. Various reforms – particularly the 2022 labour reform – have successfully curtailed the prevalence of temporary contracts, enhancing job stability and positively impacting unemployment rates. But further reforms will be needed in the coming years.

We expect the unemployment rate to continue to hover around these historically low rates in 2024. In the first months of this year, slowing job creation and labour force growth due to strong

immigration flows may put some upward pressure on the unemployment rate. But on the other hand, accelerating economic growth will keep the labour market tight. For all of 2024, we forecast an average unemployment rate of 11.6%. In 2025, we expect the unemployment rate to head slowly downwards to 11.2%.