

CORPORATED MANAGEMENT / HUMAN RESOURCES

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17.8m jobless in eurozone

GETTING WORSE: Record high in June and the increase is the 14th in a row

LONDON

THE number of people unemployed across the 17 countries that use the euro hit a record high in June, official figures showed yesterday, in a stark reminder that Europe's debt crisis has ramifications beyond the financial markets.

Eurostat, the European Union's statistics office, said 17.801 million people were out of work in the eurozone in June. That was 123,000 more than May, and is the highest level since the euro was formed in 1999. The increase was the 14th in a row and means that around 2.25 million people have lost their jobs since April 2011.

Despite the increase, unemploy-

ment on a seasonally-adjusted basis in June was unchanged at a record 11.2 per cent, nearly three percentage points higher than the US' equivalent 8.2 per cent. Europe's unemployment rate for May had originally been estimated at 11.1 per cent.

"Another horrible set of labour market data for the eurozone, which bodes ill for consumer spending and growth prospects," said Howard Archer, chief European economist at IHS Global Insight.

Spain, which is at the forefront of Europe's debt crisis concerns, had the highest unemployment rate across the eurozone of 24.8 per cent. Greece's rate was not far behind at 22.5 per cent, though the latest figures available are for April.

Many countries that use the euro, including France and Italy, also have

double-digit unemployment rates.

Germany, Europe's biggest economy, continues to fare far better, and its unemployment rate, according to Eurostat, dropped to 5.4 per cent in June from the previous month's 5.5 per cent.

However, analysts think that even Germany will soon start to see rising unemployment rates. Figures earlier from Germany's Federal Labour Agency showed the unadjusted rate climbing from 6.6 per cent in June to 6.8 per cent in July as the typical seasonal increase of school-leavers signing on for unemployment benefits was reinforced by a gradual slowing in the labour market.

The figures will add to the pressure on policymakers to get a grip of the debt crisis, which is impacting communities and consigning large

chunks of younger people to unemployment — every other person aged under 25 in Spain and Greece is unemployed.

Eurostat revealed Tuesday that inflation was unchanged at 2.4 per cent in July. Though that remains above the ECB's mandated target of keeping price increases just below two per cent, the recent trend has been downward and analysts expect that to continue.

A waning economy and rising unemployment, which combine to keep a lid on wage increases, are expected to push inflation back below target over the coming months. Lower energy inflation is also expected to ease down on price rise pressures.

This opens the door for the ECB to cut its benchmark rate below its current record low of 0.75 per cent. **AP**