Euro-zone unemployment hits 11-year high at 10%, data show

Economic Report

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By Steve Goldstein & William L. Watts, MarketWatch

LONDON (MarketWatch) -- Unemployment in the 16-nation euro zone reached 10% in November, the highest level in 11 years, according to data from Eurostat.

The jobless rate increased from 9.9% in October. Economists had forecast that November unemployment would hold steady at 9.9%.

The pace of the rise in euro-zone unemployment -- 102,000 -- was well off the pace of around 500,000 seen at the height of the recession, said Jennifer McKeown, European economist at Capital Economics.

Also, business surveys indicate firms plan to further slow the pace of job cuts in coming months, suggesting the downturn in the labor market might be starting to come to an end, she said -- although worries remain that the expiration of subsidies encouraging shorter working hours could trigger a rise in unemployment later this year. Read earlier story about German unemployment and short working hours.

In foreign-exchange dealings, the euro had trimmed gains in the wake of the Eurostat data but then rebounded after U.S. nonfarm payrolls were reported to have declined unexpectedly. Read about U.S. nonfarm payrolls data for December.

The euro recently changed hands at $1.4329, up 0.2%. See Currencies for the rundown on the dollar, the yen, the pound and the euro.

In the euro zone, the data showed more than 15.7 million people were unemployed, and in the broader 27-nation European Union, there were 22.9 million people unemployed.

Unemployment was a staggering 19.4% in Spain, which has been reeling from a bubble in house prices that recently burst.

Irish unemployment was 12.9%, French unemployment was 10% and Italian unemployment was 8.3%, while joblessness in Germany -- Europe's largest economy -- was 7.6%.

Other economic data have pointed to a mixed economic picture.

Manufacturing and services-sector purchasing-managers' surveys have been showing robust expansion. But retail sales dropped 1.2% in November, as consumers frequently pull back on spending in periods of high unemployment.