

UNEMPLOYMENT IN EUROPE HIGHEST SINCE 1999



Huge unemployment in Spain and Greece pushed the unemployment rate in the 17-nation Eurozone to 10.7 percent, the highest-ever since 1999 and the formation of the Euro. In Greece and Spain, almost half of below 25-year old workers are jobless. The report was released on Thursday by the Eurostat, the European Union's statistics office. According to experts the sudden upward spike of unemployment from its previous 10.6 percent was unexpected and raised concerns of economic ripples across the world. With concerns over unemployment and unemployment on the rise, consumers can reduce spending setting off a vicious cycle of lowering GDP transferred to further unemployment. With the rise in unemployment, inflation has also been rising in Europe and was 2.7 percent this month against previous month's 2.6 percent. However, the markets have observed no accompanying pricing changes in consumer goods and services. This is the fifteenth month in a row that inflation has stayed higher than the 2% target of European Central Bank. Howard Archer, chief European economist at HIS Global Insight informed the media that "This is particularly bad news for consumers as they are not only facing high and rising unemployment but also still squeezed purchasing power ... It had been hoped that eurozone consumer price inflation would be heading down markedly by now but these hopes are being scuppered by high oil prices." Rising oil prices and economic sanctions over Iran, along with trouble in the Middle East, are affecting world economies adversely. Oil prices in Europe have risen to nine-month highs making it difficult to maintain macroeconomic targets. Ben May, European economist at Capital Economics told the media that "The latest eurozone data revealed a combination of stubborn inflation and rising unemployment at the start of the year, suggesting that the recent rebound in consumer sentiment may falter before long." Currently, Spain has the highest unemployment rate in the eurozone burning at 23.3 percent, while Greece comes close second at 19.9 percent according to data from November. Germany and Austria showed decent figures with Austria topping with only 4 percent unemployed and Germany following with 5.8% unemployment. France had an unemployment rate of 10%.