



France

Labour market: late November update

- In Q3 2016, the French economy created 52,000 non-farm payroll jobs. This brings net job creations for the past year to 145,000.
- At 10% of the labour force, the unemployment rate is 0.1 points higher than in Q2, but a half-point lower than in the year-earlier period.
- In October, the number of category A jobseekers registered with Pôle Emploi declined by 0.3% m/m. In year-on-year terms, the fall is close to 3%, corresponding to a diminution of 101,000 in the number of jobseekers.

Based on statistics available at the end of November, the French labour market is in a very similar situation to the one described in our September and March updates¹: unemployment continues to improve timidly, while employment seems to be gaining strength.

According to the INSEE's preliminary estimates for Q3 2016, there were 52,000 net job creations in the non-farm payroll sector. This is the highest figure since 2007. Moreover, for the first time since early 2012, the construction sector did not destroy jobs. The sector is even expected to begin creating jobs again, thanks to the upturn in activity that is taking shape. Industry is still the weak spot and continues to destroy jobs, with an average of 9,000 job losses per quarter since early 2015 (see chart 1).

Over the past year, employment has increased 0.9%, with a total of 209,000 job gains since Q2 2015. This is certainly a far cry from the previous period of strong job creations in 1998-2001, which serves as a reference with a 2.9% average annual rate of growth in employment. At the time, however, the labour market was supported by much more buoyant growth. The average annual growth rate was 3.2% then, compared to 1.2% in 2015, with only a slight improvement in 2016, estimated at 1.3%. However, although GDP and employment growth rates are very different, apparent labour productivity gains are identical, and in both periods particularly squeezed. Growth might not be very strong today, but at least it is creating as many jobs.

As to unemployment, the situation is more mixed. The number of category A jobseekers seems to have begun to decline. But this trend is still mild, restrained by the volatility of data. However, the new decline, -0.3% m/m in October, of the number of category A jobseekers registered with Pôle Emploi – the national unemployment agency – helps accentuate the downtrend. In year-on-year terms, the fall is close to 3% and corresponds to a diminution of 101,000 of the number of jobseekers.

Unemployment is still too high, but it is more clearly trending downwards (see chart 2). In Q3 2016, the unemployment rate in France, as measured by the INSEE using the ILO definition, was

Quarterly change in payroll employment

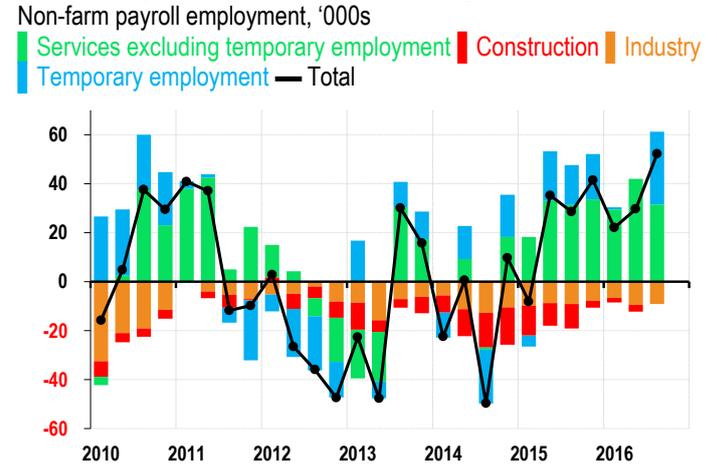


Chart 1 Source: INSEE

Metropolitan France: unemployed vs. jobseekers

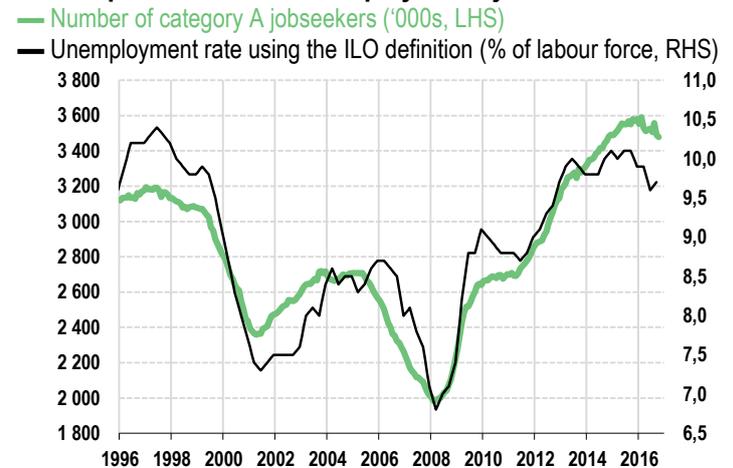


Chart 2 Sources: INSEE, Pôle Emploi

10% of the labour force (9.7% in metropolitan France). This is 0.1 points higher than in the previous quarter, but a half-point lower compared to the year-earlier period. Although the number of unemployed increased during the quarter (+31,000 to 2.8 million in metropolitan France), underemployment and the unemployment halo declined (underemployment decreased by 94,000 to 1.7 million, and the unemployment halo diminished by 26,000 to 1.5 million). In contrast, the situation has not yet improved in terms of youth unemployment, which increased to 25.1%, 1.2 points higher than in the previous quarter and 0.8 points higher than in the year-earlier period.

¹ See Ecoweek n°16-31 (France: labour market – a mild but virtuous improvement) and no. 16-09 (France: unemployment declines: the first in a series?)