

CHART OF THE WEEK

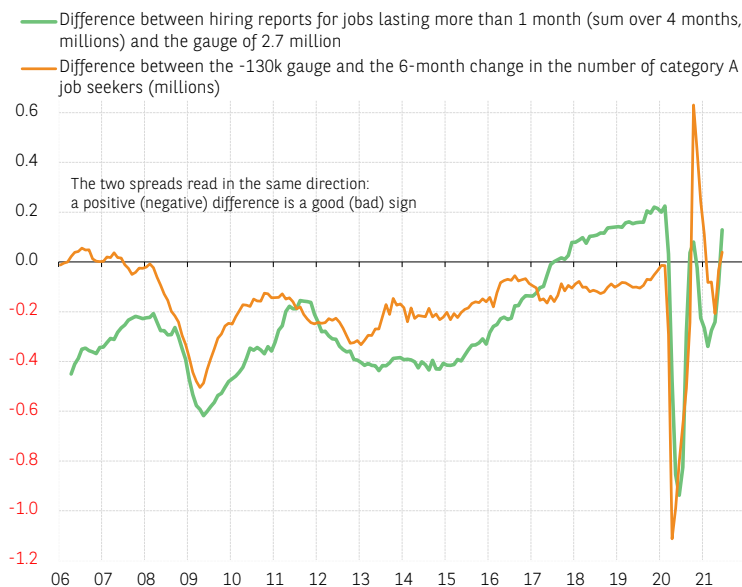


25 August 2021

FRENCH LABOUR MARKET: ARE THE SIGNS OF A RETURN TO BETTER FORTUNE ALREADY THERE?

Hélène Baudchon

Two new gauges to assess the health of the French labour market



Sources : Acoiss-Urssaf Caisse nationale, Pôle emploi, BNP Paribas

To determine whether the French labour market has returned to good health, we can use the two gauges retained by the French government in the unemployment insurance reform: 1/ the number of “category A” jobseekers must have decreased by at least 130,000 over six months; 2/ hiring reports for jobs lasting more than 1 month (excluding temporary work) must also exceed a 4-month moving average of 2.7 million contracts.

In June 2021, both these criteria were met. The improvement is less surprising for hiring reports than for registrations with the “Pôle Emploi” employment service, with the bar seemingly more easily reachable for the former than for the latter. This first positive sign¹ still needs to be confirmed over the coming months but things seem to be on the right track. This good news comes in addition to that concerning private sector payroll employment, which in Q2 2021 returned to its pre-crisis level of Q4 2019, as well as the unemployment rate, which did not escalate as feared following the Covid-19 crisis: at 8% in Q2 2021, it is also at its pre-crisis level (itself the lowest since 2008). These favourable results are largely attributable to the emergency measures taken to cushion the impact of the crisis. A future rise in the unemployment rate cannot be ruled out but the situation is more likely than not to continue to improve, driven by the rebound in growth and the “France Relance” stimulus plan.

¹The positive sign observed in October 2020 is misleading and short-lived as it is based on a favourable base effect.

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