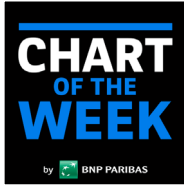


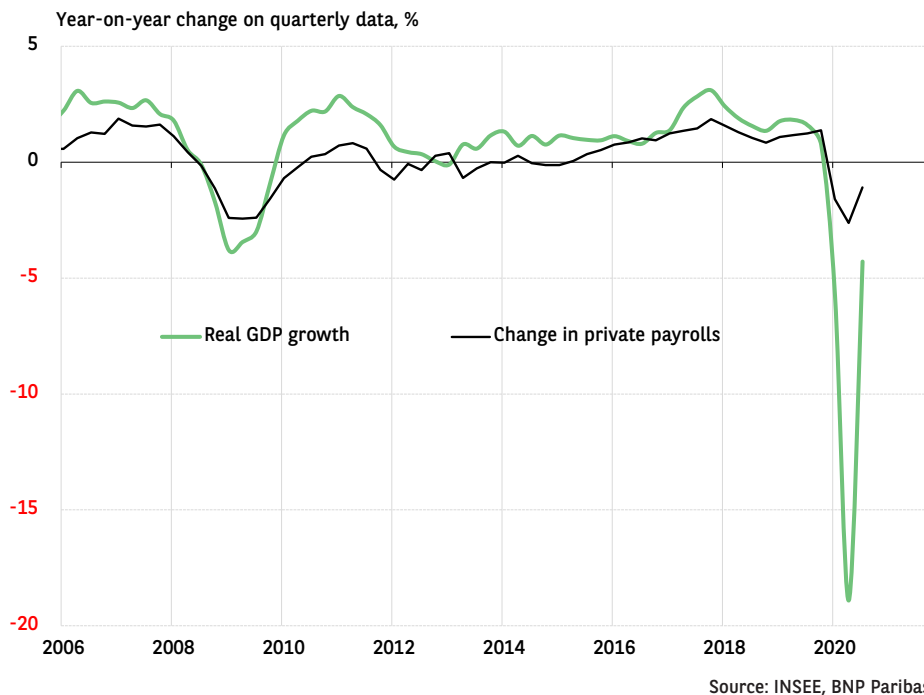
CHART OF THE WEEK



10 November 2020

FRANCE: THE VERY MUTED VARIATIONS OF EMPLOYMENT COMPARED TO THE LARGE SWINGS IN GDP

Hélène Baudchon



According to the INSEE flash estimate, private payroll employment in France rebounded by 1.8% q/q in Q3 2020, after dropping 2.5% in Q1 and 0.8% in Q2. France has recouped a little more than half of the jobs losses in H1 (345,000 jobs out of a total of 650,000). Employment is now 1.5% below its pre-crisis level, compared to 4% for GDP. Job variations have been remarkably smoother relatively to GDP, both on the downside and on the upside. This reflects the massive use of job-retention schemes enabled by the government's decision to strengthen the system as part of emergency measures taken last spring to cushion the shock of lockdown.

Employment is expected to decline again in Q4, in the wake of the economic activity relapse under the impact of the new lockdown. The size of the rebound thereafter remains uncertain, in part because the vigor of the recovery is also shrouded in uncertainty. Granted, in 2021, job growth will get a boost from the France Relance fiscal stimulus package. Even so, it will continue to be hindered by the delayed impact of the drop-off in activity in 2020, by sector differences (the sectors hit hardest by the Covid-19 pandemic are also big employers), by the return of furloughed workers and by efforts to rebuild productivity gains and corporate margins (the bigger the efforts, the smaller the rebound in employment). 2022 should be the year of more visible improvements in the job market situation.

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