

# Employment-Unemployment

After a decline of 715,000 payroll jobs in H1, there is likely to be a rebound in economic activity in H2 with a moderate rebound in employment in most sectors, apart from those experiencing longer-lasting effects as a result of the Covid crisis. All in all, payroll employment is expected to remain virtually stable in H2, but the unemployment rate is set to rise sharply, after an artificial drop during lockdown when a large number of unemployed people interrupted their job searches. It could be as high as about 9.5% of the labour force by the end of the year.

**After a decline of 715,000 in H1, payroll employment is expected to remain more or less stable through to the end of the year**

Between the end of December 2019 and the end of June 2020, payroll employment fell by 715,000, or -2.8%. This was an unprecedented decline, although much less severe than the decline in activity (-13.8% in Q2 after -5.9% in Q1). This relative resistance of employment suggests that a large number of employers were able to retain their workforce as a result of the introduction of short-time working schemes. From March to May, short-time working helped many employees in most sectors of activity. From June onwards, its use was gradually limited to the sectors most badly affected by the health restrictions, i.e. accommodation-catering and

cultural activities. There were also other sectors affected by a significant drop in activity that retained a large proportion of their workforce, even over and above the support provided by the short-time working scheme: this was especially the case in transport services and the automobile and aeronautical industries.

In H2, two opposite effects are likely to be in play, resulting in a situation of virtual stability in payroll employment (*Figure 1*). On an upward trend, the rebound in activity is likely to translate into a moderate rebound in employment in most sectors, especially in the form of temporary contracts, which dropped sharply in Q1, and the resumption of hiring on fixed-term contracts. This is likely to be especially the case in industry (apart from transport equipment) and trade. In construction, the upturn in activity is likely to be reflected mainly in a rebound in the temporary workforce. Public sector employment is also expected to rebound by the end of the year, with the hiring of contract workers and temporary workers who had been suspended in the spring. Conversely, employment will probably shrink substantially in those sectors affected in the longer term by the crisis (transport equipment and services, accommodation-catering, services to households including cultural services). Given the reduction in their activity, businesses in these sectors are unlikely to be able to hold on any longer to all the workforce that they had retained until now either on a spontaneous basis or via short-time working schemes.

## 1 - Change in payroll employment

in thousands, SA at the end of the period

	2020		2020
	S1	S2	
Agriculture	-6	4	-2
Industry	-39	21	-18
Construction	-4	-15	-18
Market Tertiary	-577	-52	-630
Interim	-210	131	-78
Excluding interim	-367	-184	-551
Tertiary non-market	-90	41	-49
<b>Ensemble</b>	<b>-715</b>	<b>-2</b>	<b>-717</b>

Forecast

Scope: France (excluding Mayotte)

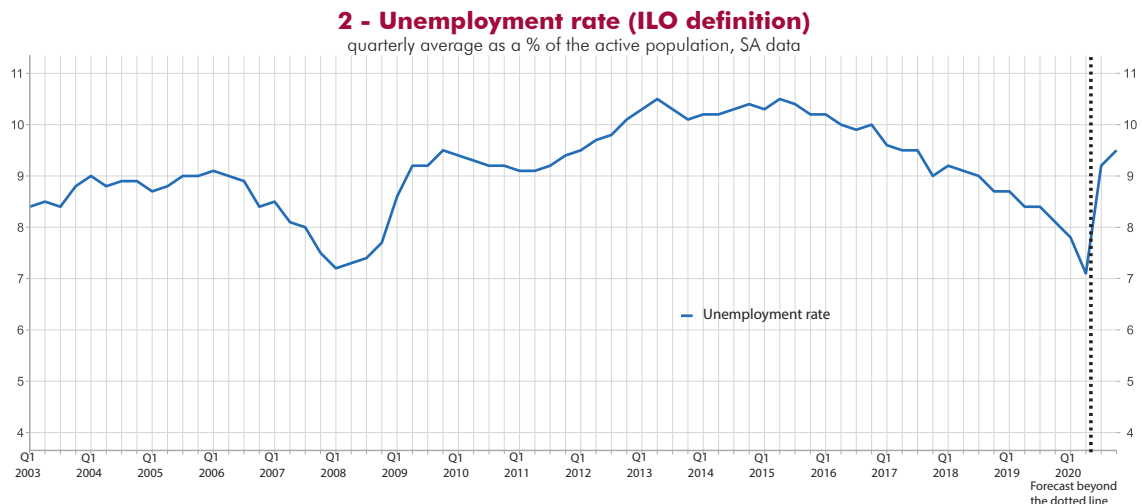
How to read it: between the end of December 2019 and the end of June 2020, salaried employment in industry declined by 39,000. It is then expected to increase by 21,000 between the end of June and the end of December 2020. Overall, this is expected to result in a decline of 18,000 between the end of December 2019 and the end of December 2020.

Source: INSEE

## The unemployment rate is set to exceed 9% by the end of the year

During lockdown, a large number of unemployed people interrupted their job search, resulting in a drop in the number of unemployed, despite the decline in employment within the meaning of the International Labour Organization (ILO) and an increase in the halo of unemployment (people without a job who want to work but

who are not actively seeking work and/or are not available for work). This effect was very specific to lockdown, although not specific to the French labour market, and to a large extent it is likely to fade away in H2. As a result, the unemployment rate is set to increase very significantly after the summer: it will probably settle at around 9.5% of the active population by the end of 2020, or 2.4 points more than at mid-2020 and 1.4 points more than one year earlier (*Figure 2*). ■



Scope: France (excluding Mayotte), population of households, people aged 15 or over  
Source: INSEE, Employment survey