

Employment and unemployment

In H2, payroll employment is expected to continue to fall in the sectors worst affected in the long term by the health crisis: transport services, accommodation-catering, cultural and leisure services, while it should bounce back moderately in the other sectors. All in all, payroll employment is expected to fall between the end of June and the end of December, but at a more moderate pace than during the first half of the year. From Q3, the unemployment rate is likely to increase substantially, after an artificial decline during lockdown when a large number of unemployed people interrupted their job searches. It should reach 9.7% of the active population by the end of the year.

After a drop of 715,000 in H1, payroll employment is expected to contract moderately between June and December 2020

Between the end of December 2019 and the end of June 2020, payroll employment decreased by 715,000, or -2.8%. This unprecedented decline was still much less severe than the decline in activity (-13.8% in Q2 after -5.9% in Q1). This relative resistance shown by employment suggests that a large number of employers were able to retain their workforce, mainly as a result of short-time working schemes. From March to May, short-time working benefitted 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 substantial drop in activity that retained a large proportion of their workforce, even beyond the period of support provided by the short-time working scheme: this was particularly the case in transport services and the automobile and aeronautics industries.

In H2, payroll employment is likely to evolve in two stages: it will probably increase in Q3 then decline again in Q4. In Q3, the rebound is expected to be mainly due to temporary employment. The monthly data show that the rise in temporary employment, which began in May, continued at a steady pace in July and August (about +10% per month). The resumption of hiring on fixed-term contracts would also appear to have contributed to the rebound in employment, especially in industry, accommodation-catering and construction. Public sector employment is also expected to increase, with the resumption of hiring contract workers and temporary workers, some of whom had been suspended in the spring. In Q4, payroll employment will probably decline once again, mainly in the sectors affected in the longer term by the crisis. This is especially the case in transport, accommodation-catering and services to households: given the decline in their business prospects and/or their financial constraints, businesses in these sectors, are less likely to be able to retain the size of workforce that they had kept right up until the autumn.

All in all, payroll employment is likely to decline slightly over the half-year with two opposite effects in play which will offset one another to a large

Change in employment
in thousands, SA

	2020					
	Change over 3 months				Annual evolution	
	Q1	Q2	Q3	Q4	thousands	%
Agriculture	-3	-4	0	-1	-7	-2.2
Industry	-126	-5	46	33	-53	-1.5
Construction	-97	54	25	-45	-63	-4.0
Commercial tertiary sector	-251	-191	69	-144	-517	-4.3
<i>Transports</i>	-50	0	-4	-60	-113	-7.4
<i>Accommodation and catering</i>	-61	-83	40	-28	-131	-11.3
<i>Household services (including culture and recreation)</i>	-45	-36	7	-93	-168	-12.6
<i>Other commercial tertiary activities</i>	-95	-73	26	37	-105	-1.3
Tertiary non-trading	-23	-70	23	-19	-88	-1.1
Together	-500	-215	163	-176	-728	-2.8

Forecast

Note: in this table, temporary workers are included in the sector where they carry out their assignment.

Scope: France excluding Mayotte

Source: INSEE

French economic outlook

extent: on the one hand, the rebound in activity and the resumption of hiring in some sectors (industry excluding transport equipment, construction, trade, services to businesses and non-market services) should invigorate employment; on the other hand, it is likely that the workforce will continue to decline in sectors suffering long-term effects as a result of the crisis (transport and services to households). In accommodation-catering, after a small rebound in the summer, it seems likely that activity will remain in decline in the long term. In this context, the extensive use of short-time working should mean that payroll employment can remain virtually stable for the half-year. Finally, the effect of the stimulus plan introduced in July to support the employment of young people (hiring premium for employees aged under 26, apprenticeship contracts and vocational contracts) is likely to be fairly limited over the forecasting period, while preventing the level of employment from deteriorating further.

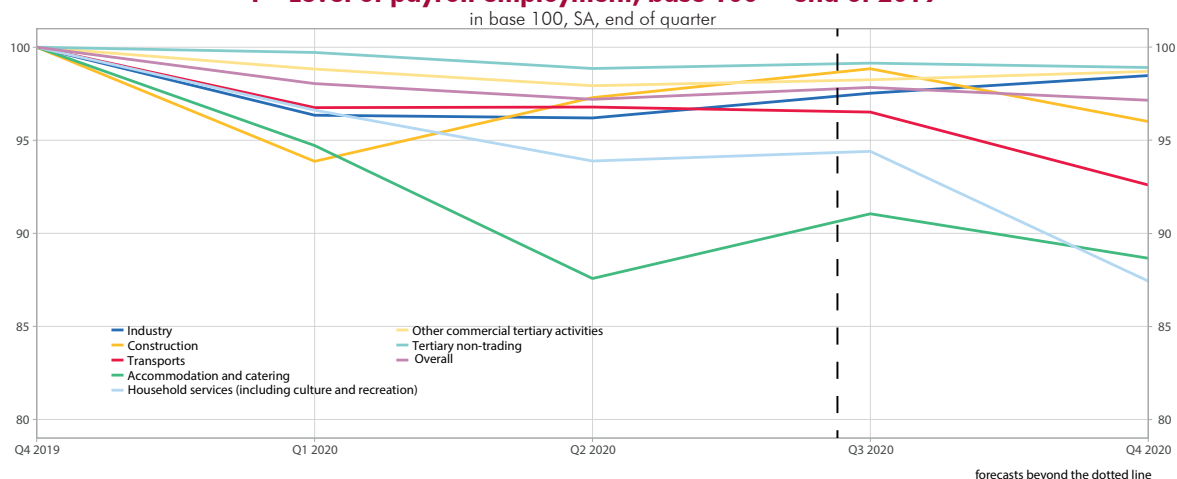
Across the whole of 2020, self-employment is likely to fall at the same pace as payroll employment, which would bring the total number of net job destructions (employees and self-employed) to 840,000 over the year.

The unemployment rate is likely to reach 9.7% by the end of the year

During lockdown, a large number of unemployed people interrupted their job search. The result was that, despite the fall in employment, there was a drop in the number of unemployed 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). In Q2, 6.0% of people aged 15 to 64 were within the halo, or 1.9 points more than in the previous quarter. At the same time, the unemployment rate fell back 0.7 points, to 7.1% of the active population.

This effect of a decline in the number of unemployed at the same time as an increase in the halo of unemployment was very specific to lockdown, although not specific to the French labour market, and to a large extent it is expected to fade in H2. As a result, the unemployment rate is set to increase very sharply in H2: it will probably settle at 9.0% in Q3 2020 and reach 9.7% by the end of the year, or 1.6 points more than one year earlier. ■

1 - Level of payroll employment, base 100 = end of 2019

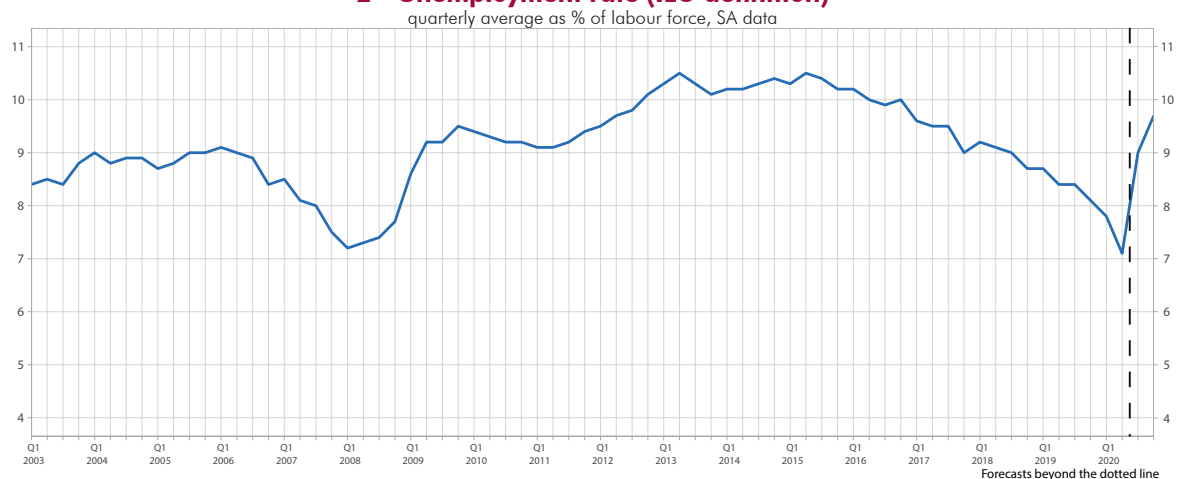


Note: in this graph, temporary workers are included in the sector where they carry out their assignment

Scope: France excluding Mayotte

Source: INSEE

2 - Unemployment rate (ILO definition)



Scope: France (excluding Mayotte), household population, persons aged 15 or over

Source: INSEE