

# Unemployment

In Q4 2018, the ILO unemployment rate dropped by 0.3 points, to 8.8% of the French labour force, after remaining stable during the previous quarter. Year-on-year, it fell by 0.2 points, after a much more pronounced drop in 2017 (-1.0 point).

Over the forecasting period to mid-2019, the unemployment rate should settle at 8.7%, i.e. 0.4 points below its mid-2018 level.

## The unemployment rate fell by 0.3 points in Q4 2018

In Q4 2018, the number of employed fell by 91,000 (Table), taking the unemployment rate (Graph) down to 8.8% in France (excluding Mayotte), after remaining stable in Q3. Year-on-year, the unemployment rate fell by 0.2 points (-38,000 unemployed people), after dropping more sharply in 2017 (-1.0 point). It reached its lowest level since the start of 2009, but remains 1.6 points above its low point recorded in early 2008.

In Metropolitan France, the unemployment rate reached 8.5%; the halo of unemployment<sup>1</sup> increased between Q3 and Q4 2018 (by 32,000 people) but it remained virtually stable year-on-year (+5,000).

## The youth unemployment rate fell sharply at the end of the year

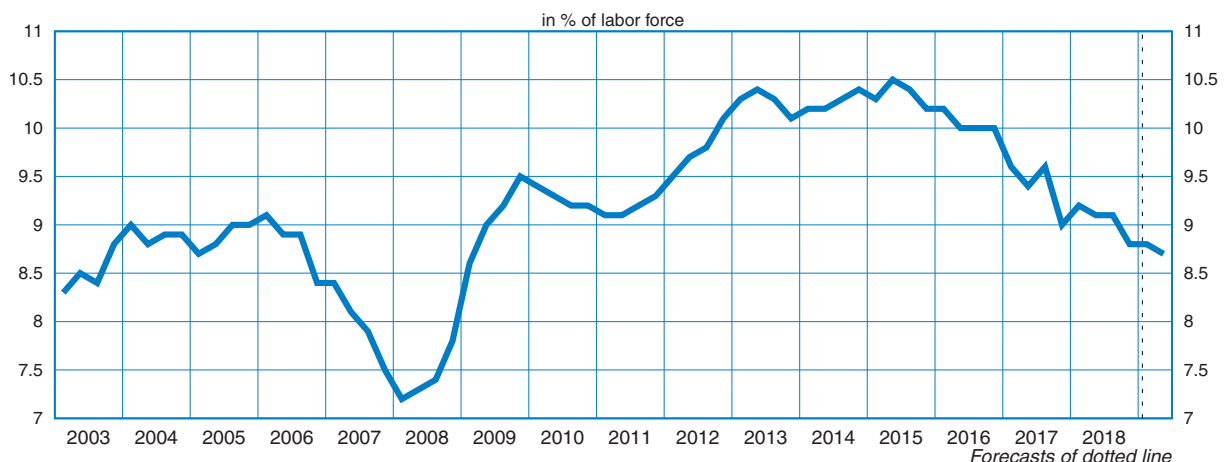
In Q4 2018, the youth unemployment rate stood at 18.8% in Metropolitan France. It dropped by 1.7 points against the previous quarter, and by 1.8 points year-on-year. The unemployment rate for the prime-age labour force population (25-49 years) dropped by 0.2 points over the quarter, to 8.0%, returning to its late 2017 level. Lastly, the rate for the over 50s remained stable against the previous quarter, at 6.1%, almost identical to the level recorded at the end of 2017 (-0.1 points).

## The male unemployment rate dropped more sharply than the female rate in Q4 2018

Between Q3 and Q4 2018, the male unemployment rate fell sharply (-0.5 points), to the same level as the female unemployment rate, which dipped only slightly to 8.7% (-0.2 points).

1. The halo of unemployment is made up of economically inactive persons as defined by the International Labour Office (ILO): it refers to people who are seeking employment but who are not available and people who wish to work but are not seeking employment, whether they are available or not.

Unemployment rate (ILO definition)



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

Similarly, year-on-year, the male unemployment rate continued to fall (-0.5 points) while the female rate almost stabilised (+0.1 points).

### The unemployment rate is expected to fall again through to mid-2019

In 2018, total employment slowed significantly: it increased by 185,000 jobs after 311,000 during the previous year. At the same time, the labour force increased significantly (+147,000 after +12,000 in 2017). The combination of these two factors led to the unemployment rate falling much more slowly in 2018 than in 2017.

After dropping unexpectedly sharply in Q4 2018 (-0.3 points), unemployment is likely to stabilise in Q1 2019. In Q2, the increase in the labour force should be held back by both the slowdown in its trend growth and the progressive ramping up of the Skills Investment Plan (Plan d'investissement dans les compétences), which is expected to increase the number of beneficiaries of training ("Estimated effects of public policies" line in the Table). The increase in employment (+43,000) should therefore exceed the rise in the labour force (+7,000), and all in all, the unemployment rate is expected to drop again. By mid-2019, it is likely to stand at 8.7% of the labour force, which would be 0.4 points below its mid-2018 level. ■

### Changes in the labour force, employment and unemployment

in thousands, SA, and in %

	Quarterly changes										Annual changes			
	2017				2018				2019		2016	2017	2018	2019 S1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Population of the 15-64 age bracket	-3	-3	-3	-3	-10	-10	-10	-10	-7	-7	-61	-13	-41	-15
Population of the 15-59 age bracket	-7	-7	-7	-7	-11	-11	-11	-11	-12	-12	-35	-26	-44	-25
<b>Labour force (1)=(2)+(3)</b>	-67	72	117	-110	165	-14	42	-46	48	7	179	12	147	55
including:														
(a) Contribution of the population and the trend activity rate	23	23	23	23	21	21	21	21	18	18	103	91	83	35
(b) Estimated effects of economic downturns	5	5	5	5	3	3	3	3	3	3	8	21	11	6
(c) Estimated effects of public policies	8	9	8	-1	6	-2	-2	2	-3	-13	-30	24	3	-16
(d) Other short-term fluctuations (residual)	-103	35	81	-138	136	-35	20	-71	30	0	97	-125	49	30
<b>Employment (2)</b>	68	97	72	74	79	37	24	45	50	43	228	311	185	93
Reminder: End-of-period employment (see "Employment" sheet)	99	96	49	99	60	15	33	57	43	42	218	342	164	85
<b>ILO unemployment (3)</b>	-135	-25	45	-184	86	-51	18	-91	-2	-35	-49	-299	-38	-37
	Quarterly average										Average in the last quarter of the period			
<b>ILO unemployment rate (%)</b>	<b>9.6</b>	<b>9.4</b>	<b>9.6</b>	<b>9.0</b>	<b>9.2</b>	<b>9.1</b>	<b>9.1</b>	<b>8.8</b>	<b>8.8</b>	<b>8.7</b>	<b>10.0</b>	<b>9.0</b>	<b>8.8</b>	<b>8.7</b>

Forecast

How to read it:

- the Employment line presents variations in the number of people in employment as a quarterly average, for consistency with the other data in the table,
- employment and unemployment are not estimated here within strictly equivalent scopes: total population for employment. population of households (excluding collective) for unemployment. As the impact of this difference is very minor (the population outside of households represents less than 1% of the active population), it is neglected here for the unemployment forecasting exercise,
- in (a), the contribution of demographics and of trend activity behaviour includes all the effects of pensions reforms up to and including that in 2014.

Scope: France (excluding Mayotte for employment, unemployment and estimated effects of public policies)

Source: INSEE