Employment

In France, non-farm market payroll employment increased considerably in Q1 2019 (+92,000 after +63,000 in Q4 2018). It is likely to rise by 41,000 in Q2 2019, in line with the generally favourable hiring intentions declared by business leaders in business tendency surveys. In H2 2019, growth in activity should lead to the creation of jobs at a slower pace than at the start of the year (+80,000 over the half-year). Consequently, throughout 2019 as a whole, non-farm market payroll employment is expected to increase by 213,000 after +167,000 in 2018.
In the non-market sector, employment looks set to bounce back slightly in 2019 (+9,000, after –5,000 jobs in 2018), with a much less pronounced decline in the number of beneficiaries of subsidised employment contracts than between mid-2017 and the end of 2018.
All in all, 241,000 jobs are likely to be created in 2019, which would be more than in 2018 (+182,000). The pace of job creations is expected to be slower in H2 2019 (+96,000) than in H1 (+145,000).

Market payroll employment should continue to increase in 2019

In 2018, the increase in payroll employment in the non-farm market sectors in France (excluding Mayotte) was significantly smaller than in 2017 (+167,000, after +323,000 Table 1), mainly due to the downswing in temporary employment (–28,000 after +124,000). In Q1 2019, non-farm market payroll employment increased steadily (+92,000). It remained robust in the non-temporary tertiary sector (+61,000, after +56,000 in Q4 2018); it accelerated in construction (+16,000 after +10,000) and rebounded slightly in the temporary sector (+8,000, after –12,000).

Based on business leaders' responses to questions in business tendency surveys about their workforces, the employment climate has declined slightly since the summer of 2018 but remained favourable, at 105, in May 2019. Consequently, payroll employment should continue to rise in the market sectors in Q2 2019 (Graph 1). After a very dynamic H1 2019 (+133,000), employment is expected to grow at a somewhat slower pace in H2 (+80,000), in line with the anticipated increase in activity and the slightly positive effect of policies designed to reduce the cost of labour. In particular, the transformation of the CICE (competitiveness and employment tax credit) into reductions in employers' contributions from 2019 onwards should contribute to the creation of around 15,000 jobs per half-year (Focus in the December 2018 issue of *Conjoncture in France*, p. 64).

1 - Change in employment
in thousands, SA

	2018				2019				2018		2019		2018	2019	Niveau fin 2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1	H2	H1	H2			
Mainly non-agricultural market sectors:	**39**	**31**	**34**	**63**	**92**	**41**	**40**	**40**	**70**	**97**	**133**	**80**	**167**	**213**	**16 896**
Industry	0	1	1	9	8	3	3	3	1	10	11	6	12	17	3 150
Construction	8	5	6	10	16	7	6	5	13	16	23	11	28	34	1 388
Temporary employment	–6	–5	–5	–12	8	0	0	0	–11	–17	8	0	–28	8	788
Market services excl. tempory employment	36	30	31	56	61	31	31	32	66	88	91	63	154	154	11 570
Agricultural workers	**3**	**2**	**0**	**1**	**1**	**1**	**1**	**1**	**5**	**1**	**2**	**2**	**6**	**4**	**309**
Mainly non-market service sectors	**0**	**–13**	**2**	**6**	**1**	**2**	**4**	**3**	**–13**	**7**	**3**	**7**	**–5**	**9**	**8 031**
Self-employed	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**7**	**7**	**8**	**8**	**15**	**15**	**2 884**
TOTAL EMPLOYMENT	**46**	**23**	**39**	**74**	**98**	**47**	**49**	**48**	**69**	**113**	**145**	**96**	**182**	**241**	**28 121**

Forecast
(1) Sectors DE to MN and RU
Source: INSEE

Temporary employment is likely to stabilise and non-temporary tertiary employment should increase moderately through to the end of 2019

After 2017, when temporary employment exceeded the high levels recorded before the economic crisis of 2008-2009, this sector, which responds particularly quickly to fluctuations in activity, suffered a reversal of fortunes in 2018 (–28,000 after +124,000 in 2017: *Graph 2*). In Q1 2019, temporary employment rebounded slightly (+8,000); it is now expected to stabilise through to the end of the year.

Employment in the non-temporary tertiary market sector slowed down a little in 2018, while remaining solid (+154,000 after +173,000 in 2017), and this trend continued in Q1 2019 (+61,000). With business leaders remaining optimistic about growth prospects in their workforce, employment in these sectors should remain solid in Q2 (+31,000, *Graph 3*). It should therefore increase by +91,000 in H1, before slowing a little in H2 2019 (+63,000).

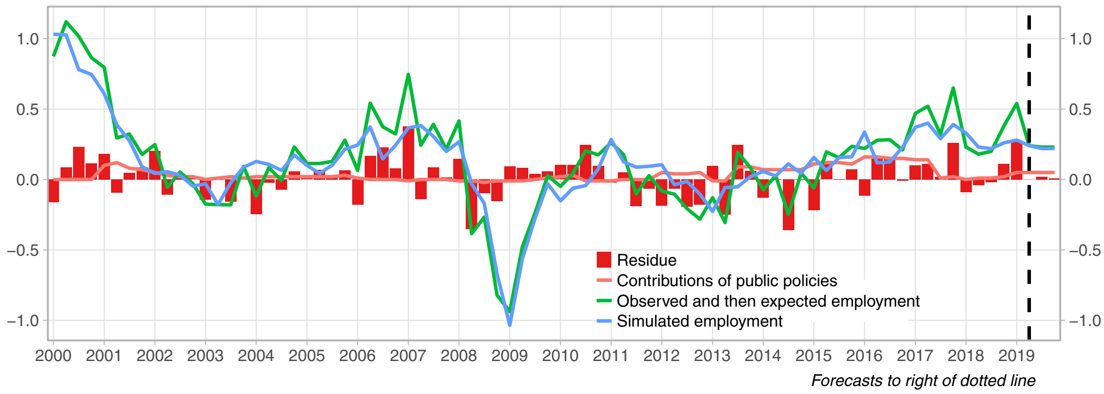
All in all, employment in the mainly market tertiary sector, including temporary work, is set to increase by 162,000 in 2019 (+99,000 in H1 2019, then +63,000 in H2).

Industry should continue to create jobs

Payroll employment in industry fell almost continuously between the end of 2001 and the end of 2016. However, job losses have gradually decreased and since the end of 2017, the workforce in this sector has returned to growth. Consequently, employment in industry increased at the end of 2018 (+9,000 in Q4 2018), as in Q1 2019 (+8,000). The expectations of business managers in industry regarding their workforces suggest that employment in industry should continue to grow slightly over the coming quarters (+3,000 jobs per quarter). As a consequence, industry is expected to create 17,000 jobs throughout 2019 as a whole.

1 - Employment observed in the non-agricultural market sector, simulated and residual employment

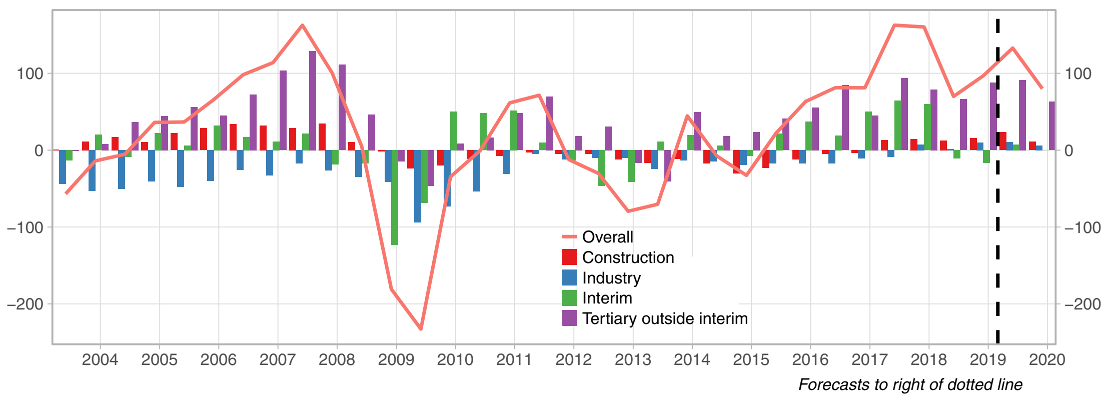
in %



Note: The equation residual for employment is the spread between the observed employment and the simulated employment from past and current variations in employment and activity and from effects of employment policies (included, over the recent period, the effects of the effects ot the CICE, the PRS and the employment plan). A positive redidual, such as that observed in 2015, indicates that observed employment showed better growth than past behaviour would lead us to expect. Estimation period: 1984-2015.
Période d'estimation de l'équation : 1984-2015
Scope: France excluding Mayotte
Source: INSEE

2 - Year-on-year change in payroll employment in the non-farm market sectors

thousands per quarter



Scope: France excluding Mayotte
Source: INSEE

Employment in the construction sector is also expected to remain solid

In 2018, employment in the construction sector continued to grow at the same pace as in the previous year (+28,000 jobs, as in 2017). In Q1 2019, it accelerated with +16,000 additional jobs created in this branch. According to the business tendency surveys, the expectations of business leaders concerning the growth of their workforces remain very favourable in civil engineering and the building industry. Through to the end of 2019, employment in the construction sector should therefore continue to increase but at a somewhat slower pace (+34,000 throughout 2019 as a whole).

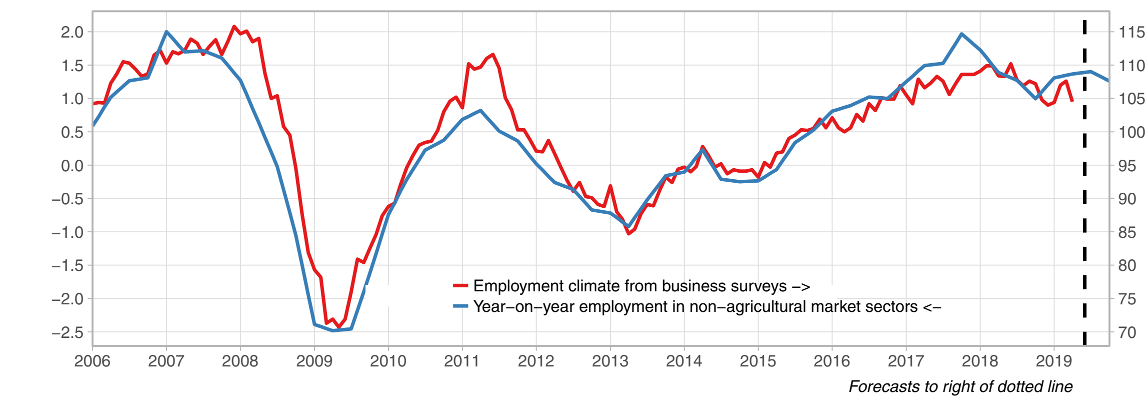
Non-market employment is expected to bounce back in 2019

In 2018, non-market employment slipped back a little: –5,000 after remaining stable in 2017. This slowdown was mainly due to the reduction, starting in mid-2017, in the number of "Contrats uniques d'insertion" (single integration contracts, CUI) and "Emplois d'avenir" (future jobs contracts) (Table 2), which was partly offset by an increase in the number of employees in unsubsidised employment. Non-market employment should also bounce back slightly in 2019 (+3,000 in H1, then +7,000 in H2), with the reduction in the number of beneficiaries of subsidised employment contracts diminishing after dropping sharply for two consecutive years (Focus in the March 2019 issue of *Conjoncture in France*).

Total employment is likely to rise by 241,000 in 2019

Taking account of the self-employed and agricultural workers, net job creations, all sectors combined, should reach 241,000 in 2019, i.e. more than in 2018 (+182,000). After a relatively dynamic Q1 2019 in the market sector, total employment should slow a little in H2: +96,000 after +145,000 in H1. ■

3 - Balance of opinion of business leaders on expected workforce and variation in non-farm payroll employment



Source: INSEE

2 - Change in subsidised employment and civic service in the non-marked sector

in thousands

	2018				2019				2018		2019		2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1	H2	H1	H2		
Supported non-market contracts, excluding ACI	–41	–32	–24	–2	–9	–1	–6	–7	–72	–26	–10	–14	–99	–24
job of the future	–9	–7	–7	–5	–6	–3	–3	–3	–16	–12	–8	–5	–28	–13
Single integration contract (CUI-CAE)	–54	–53	–50	–19	–5	–1	0	0	–106	–68	–6	–1	–174	–6
Competence employment parth (PEC)*	22	28	33	21	2	2	–3	–4	50	54	4	–8	104	–4
Workshops and insertion sites (ACI)	–2	0	–1	1	0	1	0	1	–2	0	1	2	–2	2
Civic services	1	0	4	2	–1	–4	3	1	1	6	–4	4	7	0
Total	**–42**	**–31**	**–21**	**1**	**–10**	**–4**	**–3**	**–5**	**–73**	**–20**	**–14**	**–8**	**–94**	**–21**

Forecast

* Since January 2018, recrutment by integration workshops and sites (ACI) no longer takes the form of a CUI-CAE (Contrat unique d'insertion -Contrat d'accompagnement dans l'emploi -Single integration contract -Employment support contract) but instead a CDDI (Contrat à durée déterminée d'insertion - Fixed-term integration contract). Nevertheless, in order to ensure that the scope of this analysis remains constant when tracking subsidised jobs, the CUI-CAE forecasts given here include ACIs.

Scope: Metropolitan France

Source: INSEE