Unemployment

In Q4 2021, the unemployment rate according to the ILO definition decreased by 0.6 points compared to the previous quarter, to 7.4% of the active population (► **Figure 1**). This drop is the result of a substantial increase in employment (+154,000 as a quarterly average after already +267,000 in Q3[1]) and a moderate downturn in the active population (–48,000, in reaction to a brisk increase of 305,000 in the previous quarter). These changes have particularly affected young people: their unemployment rate fell by 3.6 points over the quarter to 15.9%, returning to the lowest levels of earlier cycles at the end of the 1980s and 1990s, and their employment rate increased by 2.5 points over a half-year, to 33.8%, thus reaching its highest level since 1991, mainly due to the effect of sandwich contracts (► **Focus**).

In Q1 2022, the active population is expected to bounce back fairly sharply (+85,000) in reaction to the decline in Q4 (► **Figure 2**). However, this forecast is dependent on future changes in the active population, where the trend movement, after two years of exceptionally large fluctuations, is still difficult to determine. The chosen scenario is based on the last available projections of the active population, dating from 2017, adjusted to take into account observed pre-crisis trends and the recent activity behaviour of young people due to the increase in work-study training.[2] All in all, the forecast is that the active population is expected to slow, given the trends observed in 2021, and should return to a rate of growth similar to pre-crisis: the slowdown in the trend of the active population is likely to be more than offset by the effects of sandwich contracts on young people's activity.

Given the increase forecast for employment (+80,000 on average in Q1 2022), the unemployment rate looks set to stabilise at 7.4% of the active population in Q1 2022 (► **Figure 3**). ●

[1] These figures differ from those on the "Employment" Sheet due to the switch to a quarterly average and because sandwich contracts are now taken into account, where-as they are not included in the URSSAF source used to measure payroll employment in the "Employment" Sheet.
[2] The latest INSEE active population projections date back to 2017. In this Sheet, they have been adjusted to take several factors into account, which still have to be ana-lysed and confirmed in the coming quarters. First, the trend level of activity for people in the intermediate age groups has been slightly lowe-red to take into account changes observed between 2015 and 2019. Next, since 2017, the number of sandwich contracts has risen sharply and this increase accelerated in 2021. Projections for the active population of young people have therefore been revised upwards to take these contracts into consideration. Lastly, on a more technical note, but with no effect on the momentum of 2020 and 2021, projections have also been adjusted to take into account the rede-sign of the Labour Force Survey in 2020, which slightly increases activity rates, and to transpose the results in the scope "France excluding Mayotte" which is that used in the Employment Survey. A full set of results updating INSEE's active population projections will be disseminated in June 2022.

► **1. Unemployment rate (ILO definition)**
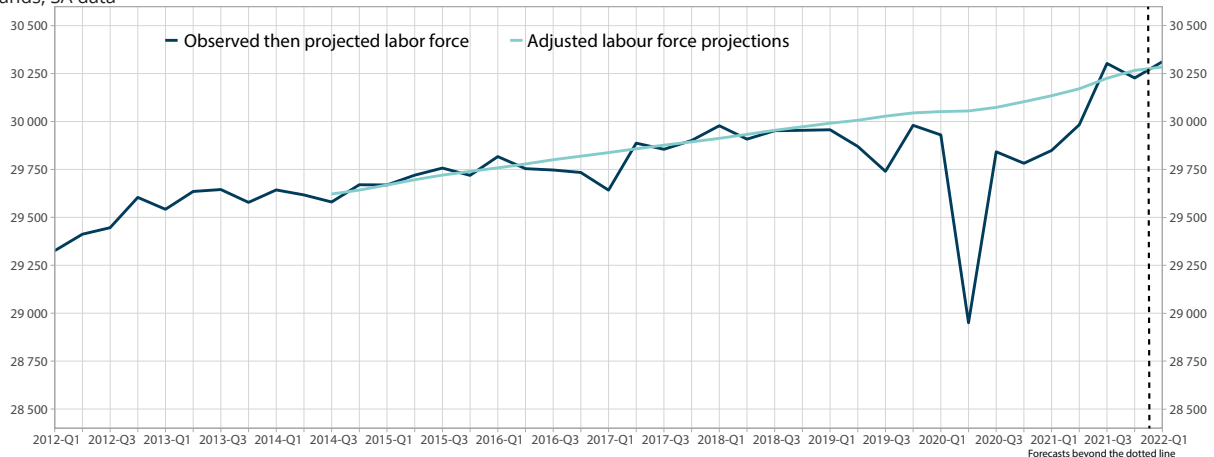quarterly average as % of labour force, SA data
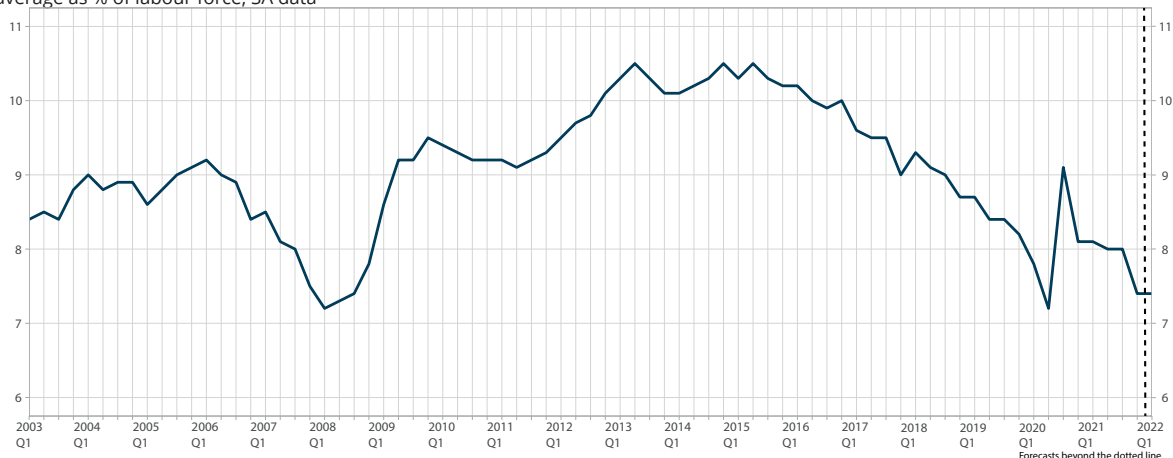
Scope: France (excluding Mayotte), persons aged 15 or over living in ordinary housing
Source: INSEE, Labour Force Survey

French economic outlook

► **2. Change in the active population compared to adjusted projections**
in thousands, SA data

Scope: France (excluding Mayotte), People aged 15 or over living in ordinary housing
Source: INSEE, Labour Force Survey, adjusted labour force projections; DARES, numbers of sandwich contracts

► **3. Change in employment, unemployment and the active population**
variation in quarterly average in thousands, SA data

	2020				2021				2022	Cumulative change from Q1 2020 to Q1 2022
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	
Employment (1)	–88	–679	364	174	142	264	267	154	80	678
Unemployment (2)	–108	–272	630	–302	6	–16	38	–203	5	–222
Active population = (1) + (2)	–196	–951	994	–128	148	248	305	–48	85	457
Trend labour force (a)	*7*	*7*	*7*	*7*	*7*	*7*	*5*	*4*	*3*	*54*
Effect of work-linked training on youth activity (b)	*1*	*–3*	*12*	*23*	*25*	*30*	*48*	*39*	*16*	*191*
Pre-crisis» cyclical bending effect (c)	*–9*	*–68*	*35*	*14*	*11*	*22*	*20*	*10*	*6*	*41*
Residue (d)	*–194*	*–887*	*941*	*–172*	*105*	*189*	*232*	*–101*	*60*	*173*
Variation in unemployment rate	**–0.4**	**–0.6**	**1.9**	**–1.0**	**0.0**	**–0.1**	**0.0**	**–0.6**	**0.0**	**–0.8**
Unemployment rate	7.8	7.2	9.1	8.1	8.1	8.0	8.0	7.4	7.4	

■ Forecast

How to read it: between Q3 2021 and Q4 2021, employment increased by 154,000 on average, unemployment decreased by 203,000 and the active population decreased by 48,000. The unemployment rate fell by 0.6 points, reaching 7.4%.
Note: Employment corresponds here to total employment (payroll employment including sandwich contracts + self-employment), measured as a quarterly average
(a)Trend based on adjusted active population projections.
(b) Effect based on sandwich contract numbers from DARES, calculations by INSEE.
(c) This flexibility effect represents the fact that new workers enter the labour market when the employment situation improves. It was estimated over the pre-crisis period.
(d) In 2020 and 2021, the remainder covers the specific effect of the health crisis on activity behaviour, i.e. mainly the massive withdrawal of activity during the 1st lockdown in spring 2020.
Scope: France (excluding Mayotte), persons aged 15 or over
Source: INSEE, Labour Force Survey, Quarterly employment estimates