



Global Employment Outlook Analysis

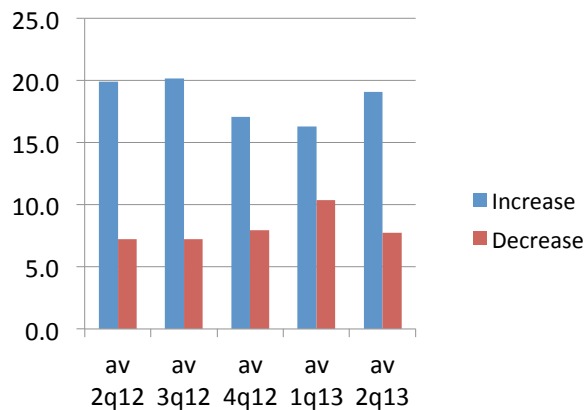
Second Quarter 2013

1. General

While the global employment outlook is still weaker than a year ago the second quarter outlook strengthens visibly over the first quarter (Graph1). The improved outlook is reinforced by a US economy that is getting stronger and the Euro crisis that for now has receded. The hiring intentions of US employers are now increasingly translating into job creation and gradually encourage consumers back to the shops.

Europe's products and services are not first in line to benefit from this, however. Rather than European products, the shelves in the US will be filled with products 'Made in China'. The stronger consumer demand in the US is rapidly feeding through to China where February exports jumped more than 20% compared to a year ago. Therefore, one of the immediate beneficiaries is China where employers' hiring intentions are strong and further strengthens in the 2nd quarter from the previous quarter (Graph 35).

Graph 1. Employers' hiring sentiments



In the past years China's growth was good news for Europe, particularly Germany. Eventually this will be true this time again, but China's cooling down policies will again kick in with efforts to rebalance its economy and reduce its import dependency. The employment effects of the improved global sentiments will take longer to spill over to Europe. Also raw material exporting countries such as Australia and Canada are likely to see a dampened effect of China's economic development. The employment outlook in Australia softens led by very low hiring expectations in the mining sector, while

Source: ManpowerGroup, Employment Outlook Survey 2Q2013

the situation in Canada is balanced out by other sectors and the expected stronger US demand for products and service.

In Europe, overall, the second quarter employment outlook remains weak. While the level of hiring plans still is low, the mood for employment is changing for the better. The Euro crisis undermined the employers' confidence; so much so that all of those surveyed in November expected the employment outlook to worsen in the first quarter of this year (Graph 4b). With the Euro uncertainty having receded, European employers' confidence is improving. Employers in all countries but three expect a stronger employment outlook than in the previous quarter (Graph 4c).

With this positive development, the surveyed employers send a strong message to the policy makers: they must ensure political and economic stability if Europe's employment outlook is to stay on course towards levels at which employers finally start hiring new staff. Countless jobs and job opportunities have been forfeited because of the drawn-out uncertainty that has surrounded the Euro.

On the longer term it remains to be seen what the global impact of China's policy of cooling down will be and how China will reconcile the seemingly contradictory objectives of slower growth, less import dependency, and high levels of employment creation. Shifting towards internal consumption is one of the answers, but how will China continue to accelerate its move to much needed higher value added activities? Anecdotal evidence already points to talent shortages, skill mismatches and promoting foreign companies to move production to China.

While the hiring activity in quarter one is expected to stabilise at the same level as in the previous quarter, it nevertheless is 3% weaker than as compared to a year ago (Graph 2).

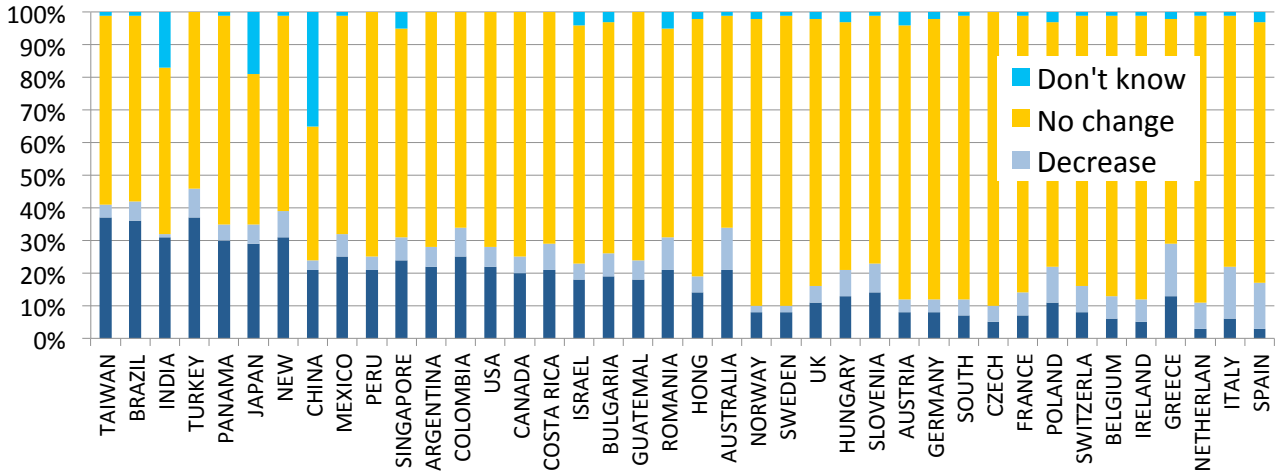
As Graph 3 illustrates, 60% of countries anticipate a deteriorating employment outlook in quarter one compared with a year ago. This percentage is an improvement over the 70% recorded for the previous quarter.

In quarter one Taiwan retains its hotspot position quarter on quarter, closely followed by Brazil, India, Turkey and Panama. At the other end, the most pessimistic outlook is reported for Spain, Italy, The Netherlands, Greece and Ireland. As before the emerging economies of Asia and Latin America top the list of the most upbeat outlook while the European countries top the most pessimistic outlook (Graph 2). This again confirms that that the America's and Asia's are much quicker to respond to changes and to capture global opportunities than the Europeans are.

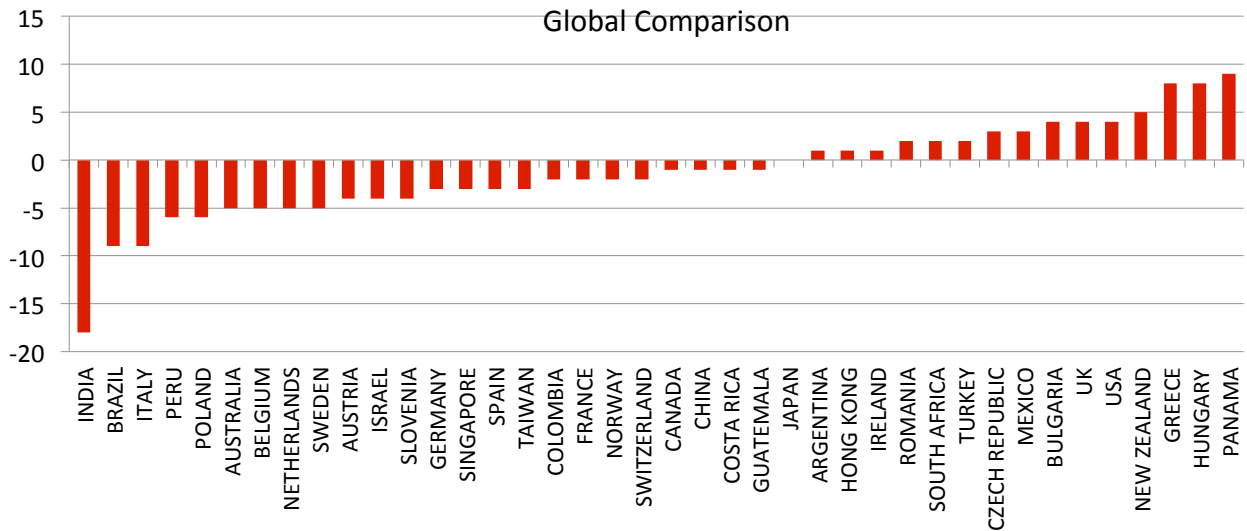
Over the last year, there has been increasing inertia, as employers make no change in their hiring intentions year on year, resulting in a widening of the yellow segments for each country. Furthermore, in countries such as India, China, and Japan employers have been increasingly answering with 'don't know'. In China, one employer in three and in India one in five do not know what their staffing plans are in the coming quarter. This may be an indication of the quality and

quantity of information that managers have to hand, in many cases not feeling well informed to make a decision either way.

Graph 2. Employers' hiring intentions, global comparison 2Q2013

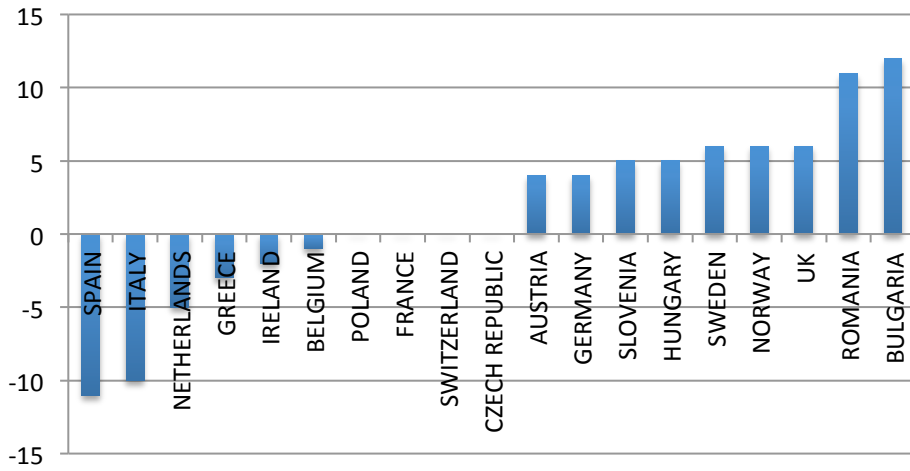


Graph 3. Net Employment Outlook (%) Year on Year Change
Global Comparison

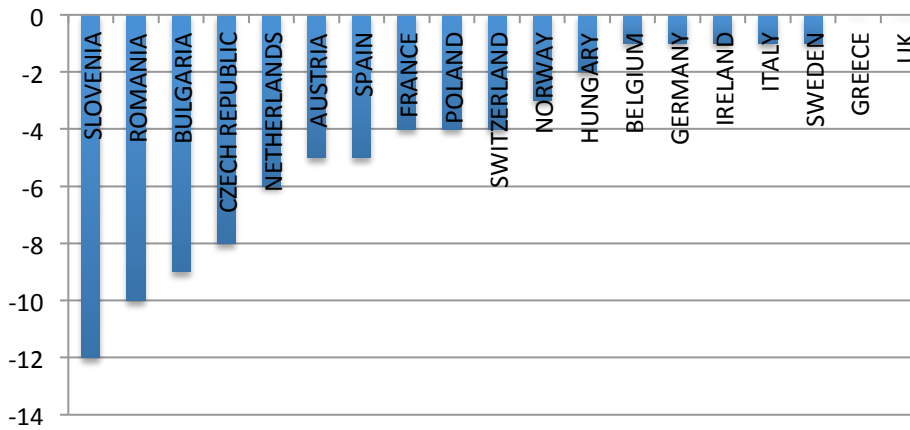


Source: ManpowerGroup, Employment Outlook Survey 2Q2013

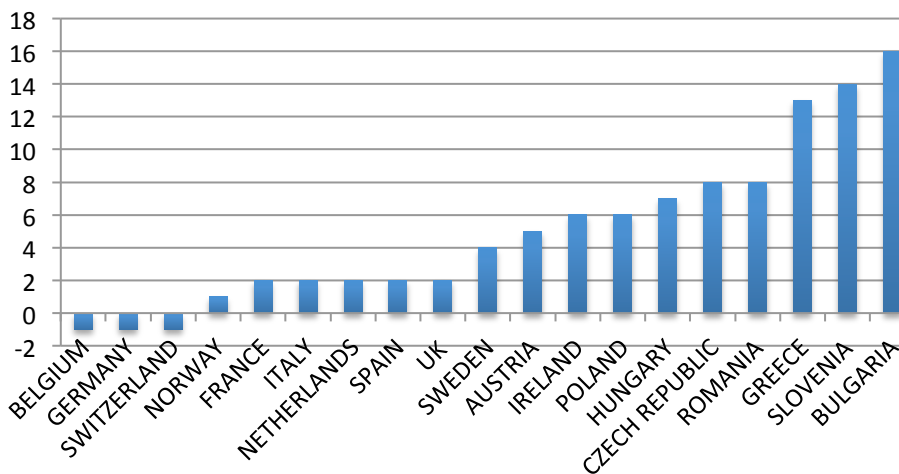
Graph 4a. Net Employment Outlook



Graph 4b. 1Q 2013, Change from Previous Quarter



Graph 4c. 2Q 2013, Change from Previous Quarter



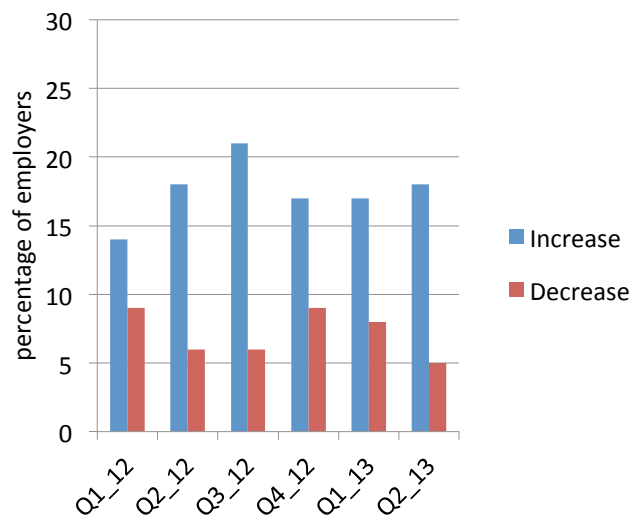
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

2. The United States

The seasonally adjusted employment outlook drops from +12% in quarter one, to +11% in quarter two. While this is a disappointment since we have been hoping for the employment outlook to continue to strengthen there is evidence that the American employers have started to translate hiring intentions to actual job creation at current employment outlook levels. Normally this would indicate a net job creation of about 200 thousand jobs in the quarter, but a cloud of uncertainty has, however, been introduced by the budget sequestration.

Consumer demand accounts for more than 70% of GDP and remains the main force behind the US economy and by extension the prime source of employment and economic growth. Consumer confidence continued to climb until late last year but has now experienced a setback, a likely fallout of the budget sequestration.

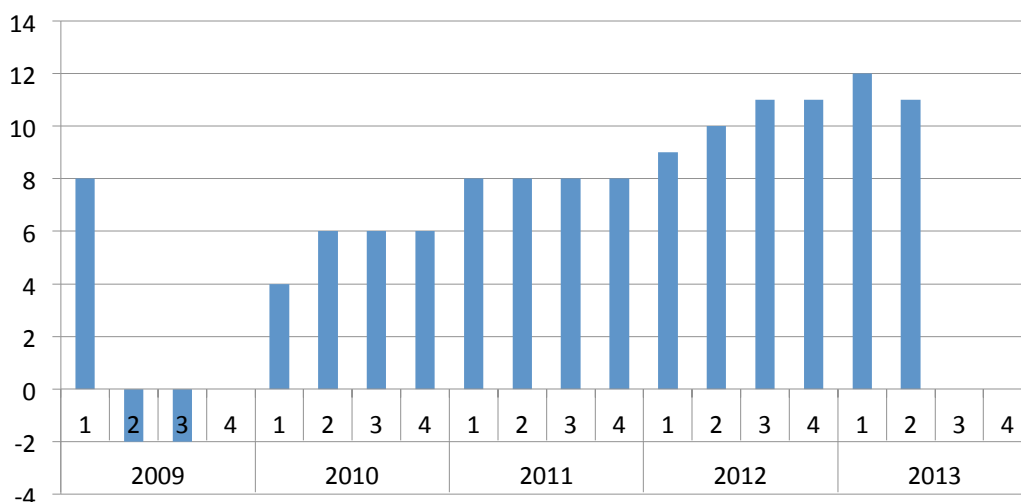
Graph 5. Employers' Hiring Intentions, USA total (not seasonally adj)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

At the employment outlook levels recorded by ManpowerGroup's survey, the US job market is set to continue to strengthen in the coming quarter. The strongest hiring intentions are reported by the employers in the non-durables manufacturing sector and the services sector.

Graph 6. Net Employment Outlook, USA, % (seas. adj.)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

3. The United Kingdom

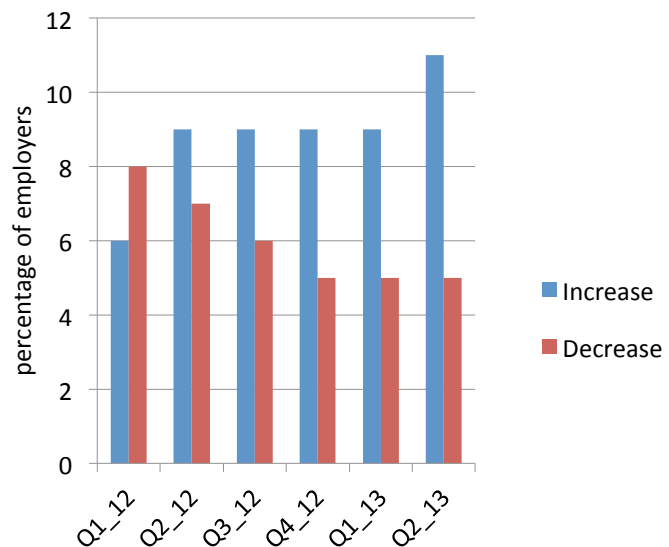
The UK in quarter two is at level with the previous quarter at a seasonally adjusted +6% (Graph 8). At this level the UK labour market is set to create 20-30 thousand new jobs. The non-seasonally adjusted position (Graph 7) for the UK improves on the previous quarter as more employers have plans to increase staff. Whilst good news, the level is still fragile with the UK's biggest export market, the EU continuing to flounder and fiscal austerity batters the employment market.

The on-going adjustments between part-time and full-time employment still continue. However, growing employer confidence is evidenced by the fact that not only are part-time employees offered full-time employment, but the creation of full-time jobs outpaces the rate at which part-time jobs disappear by a factor of five.

Seasonally adjusted data shows the financial, insurance, real estate and business services sector continuing to be one of the main likely contributors to the positive employment outlook of +13%. ManpowerGroup points out, however, that a considerable part of the sector's employment outlook are linked to the mis-selling of PPI and are therefore jobs created to clear up mistakes of the past.

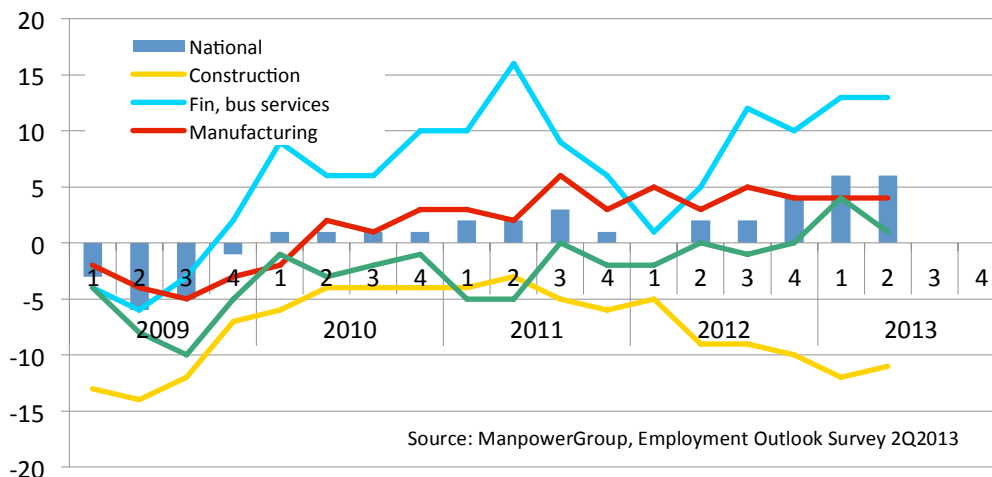
As in the previous quarter, the manufacturing sector holds up well and is mainly located in the East-Midlands, the home of many aerospace industries. The business services sector is doing well in West-Midlands and in the South West.

Graph 7. Employers' Hiring Intentions, UK total (not seasonally adj)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

Graph 8. Employment Outlook, UK, % (seas. adj.)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

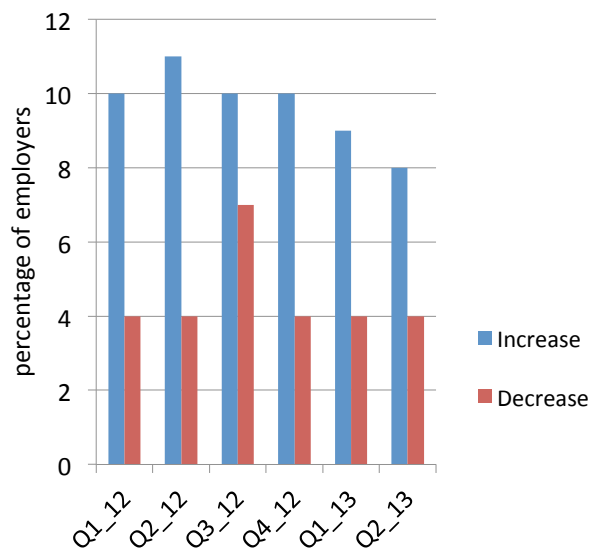
4. Germany

Germany's employment outlook started to weaken in quarter three of 2011. The trend reflected the developments in the global markets and particularly a slower Chinese demand for German products. The trend was broken in quarter four of last year and quarter one of this year, but as expected has now returned to reflect the weaker global fundamentals on which the German economy depends (Graph 10).

The policy of rebalancing the Chinese economy is expected to reduce its dependency on foreign imports and thereby reduce the German export potential of China's growth. Looking ahead, firms will continue to hold back on investments and Germany's employment outlook will remain fragile until the US economy steps up its demand for German exports.

Plans to hire staff according to ManpowerGroup's survey quarter one results, will fall slightly (-1%) to +8% whilst plans to decrease hiring activity will stabilise at +4% (Graph 8).

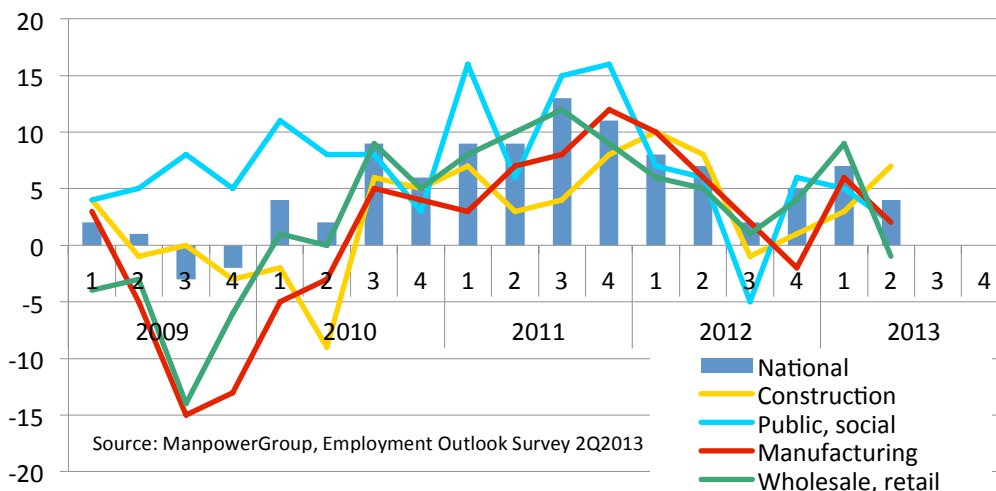
Graph 9. Employers' Hiring Intentions, Germany total (not seasonally adj)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

The seasonally adjusted employment outlook weakens three percentage points from the previous quarter but still remains positive. At 4% the seasonally adjusted outlook is set to create 40 thousand jobs in quarter two (Graph 10). All major sectors follow the same softening trend with the exception of the finance and business services sector that strengthens one percentage point at a robust level of +15% (not in the graph).

Graph 10. Net Employment Outlook, Germany, % (seas.adj.)



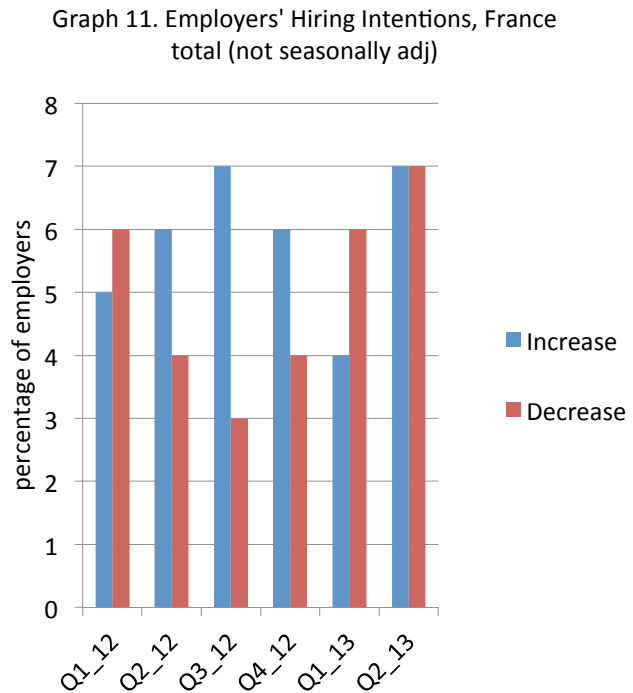
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

5. France

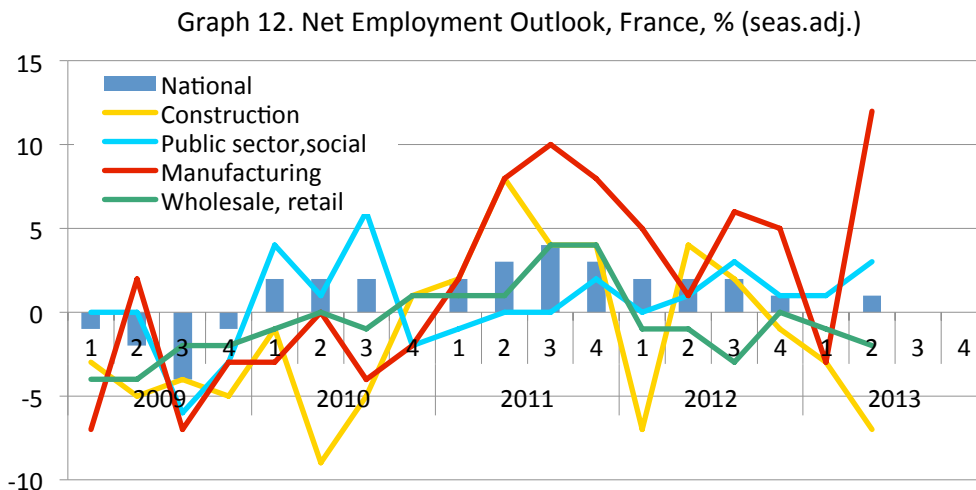
The unemployment in France continues to rise and has by now reached 10.6%. The government's reforms to tackle the country's lack of competitiveness have not convinced businesses and investors. Temporary employment has shown to be a leading indicator of overall employment trends. With temporary employment continuing to fall there is no improvement expected in the coming quarter.

ManpowerGroup's Employment Outlook Survey for quarter two moves up 2 percentage points (Graph 12). At this level it still is weak and indicates no change in employers' hiring plan on the previous quarter. With the exception of manufacturing all sectors remain weak. The sudden surge in the seasonally adjusted employment outlook from -3% in quarter one to +12% in quarter two unproportionally reflects the strong performance of the aerospace sector.

The seven percent of the employers that report plans to increase staff equal those that plan to reduce staff (Graph 11). Similar to quarter one, job loss rather than creation is much more likely in quarter two. At net employment outlook levels recorded by ManpowerGroup's survey the French unemployment is set to increase at a rate of 0.18% per quarter. Over the next quarter and as we approach mid year it is possible that we will see unemployment rates reaching 11% and above.



Source: ManpowerGroup, Employment Outlook Survey 2Q2013

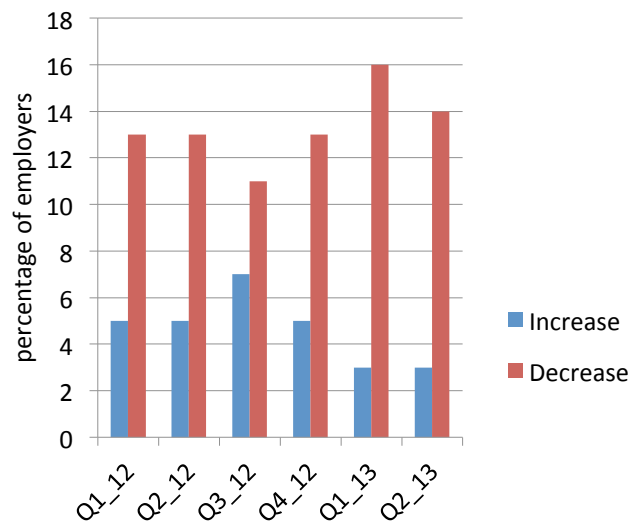


6. Spain

The Spanish employment market remains extremely challenging. In decline since 2008, there is little prospect of improvement in the second quarter as all sectors continue to exhibit negative hiring intentions. The unemployment rate has continued and is now stuck at more than 26% and more than one in two young people are out of work.

The labour market reforms that were introduced in 2012 were intended to help competitiveness of Spanish companies. While the reforms were a step in the right direction, they are not helped by the political and economic uncertainties under which the enterprises must operate. However, as long as the economy does not grow, which it isn't, the market demand for labour whether permanent, part-time or temporary will be negative.

Graph 13. Employers' Hiring Intentions, Spain total (not seasonally adj)

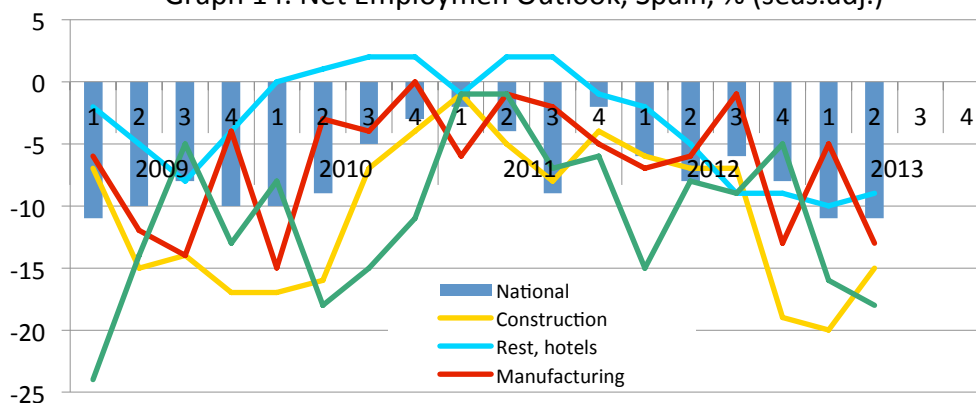


Employers therefore remain in survival mode, keeping their employment commitments as light as possible, while at the same time trying to adjust their product and service offering to other sectors. Whilst individuals are reverting to informal employment, making the shift from regular declared employment to other activities such as bartered trade.

Source: ManpowerGroup, Employment Outlook Survey 2Q2013

Consequently the employment outlook for quarter two shows no signs of employers changing their negative hiring plans. The outlook for the second quarter remains highly negative at a seasonally adjusted level of -11% (Graph 14).

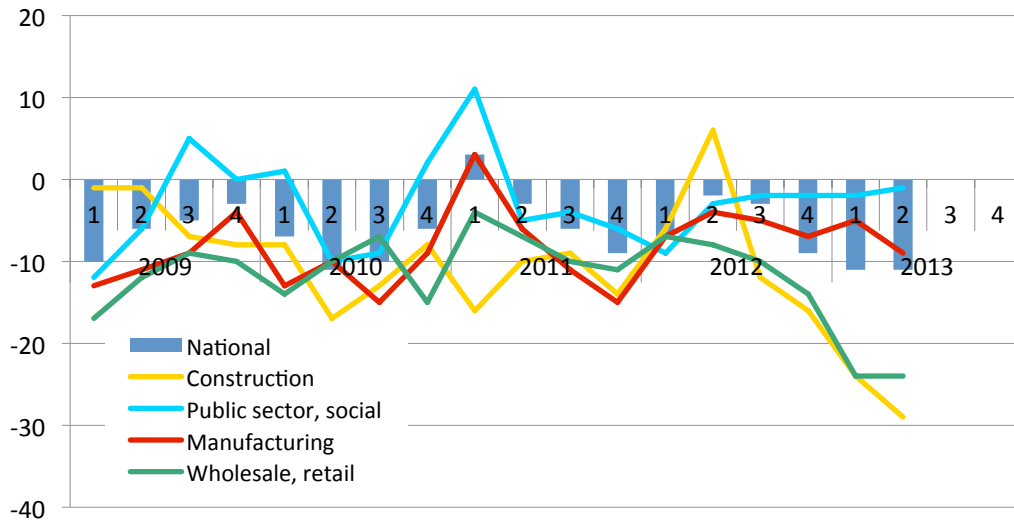
Graph 14. Net Employment Outlook, Spain, % (seas.adj.)



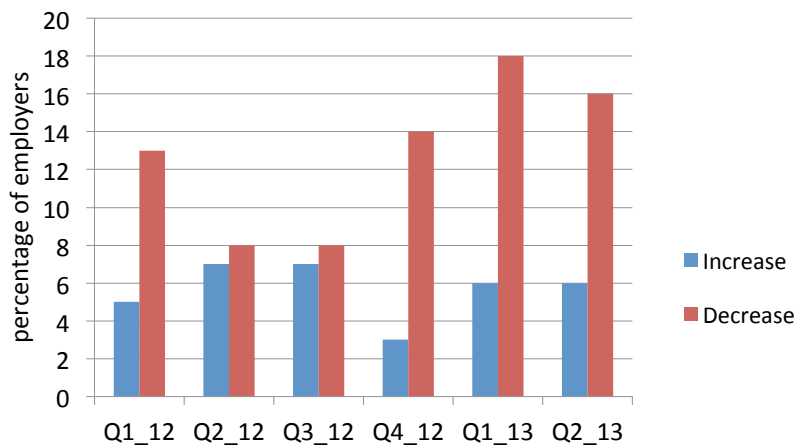
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

7. Italy (graphs only)

Graph 15. Net Employment Outlook, Italy, % (seas.adj.)



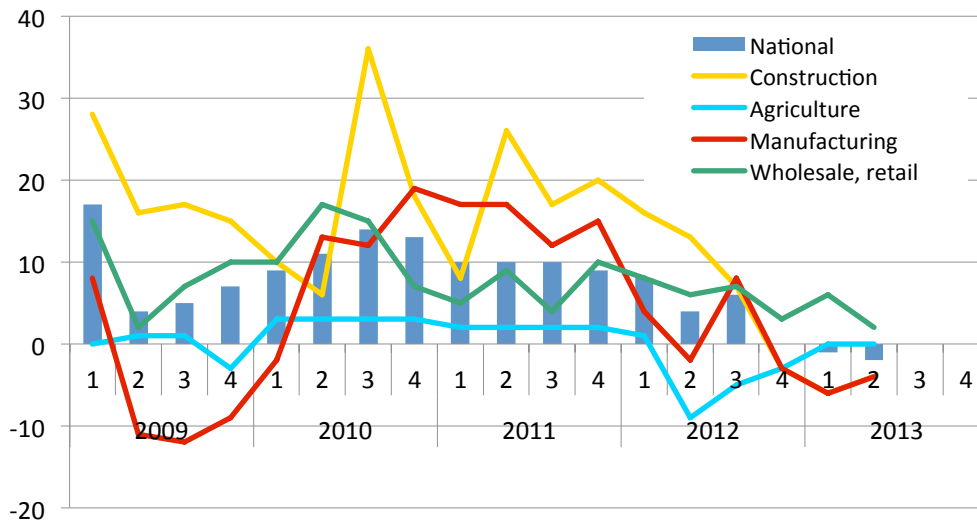
Graph 16. Employers' Hiring Intentions, Italy tot (not seasonally adj)



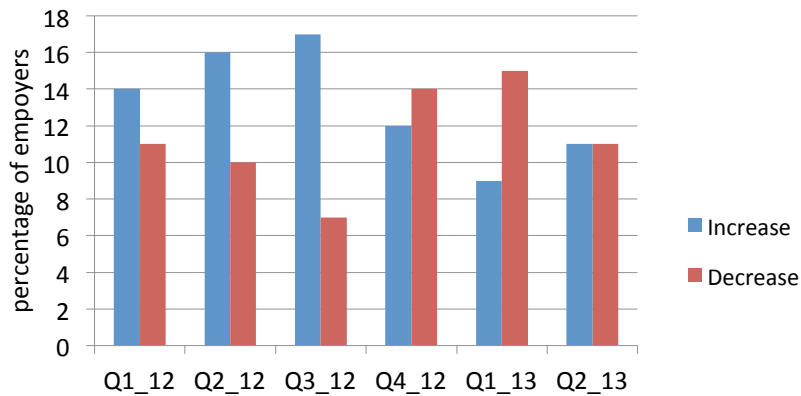
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

8. Poland (graphs only)

Graph 17. Net Employment Outlook, Poland, % (seas.adj.)



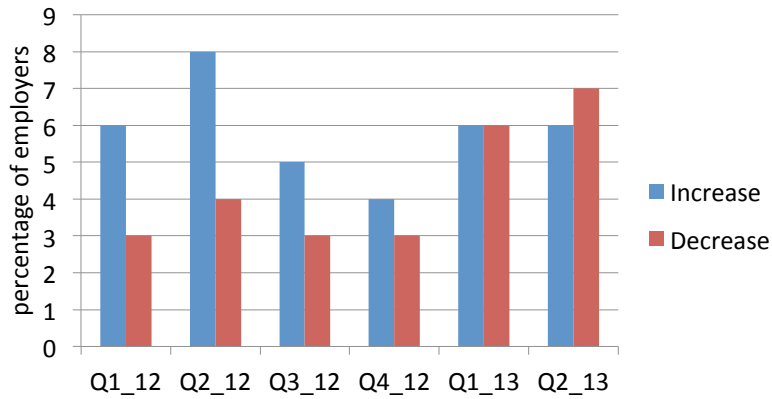
Graph.18 Employers' Hiring Intentions, Poland total (not seasonally adj)



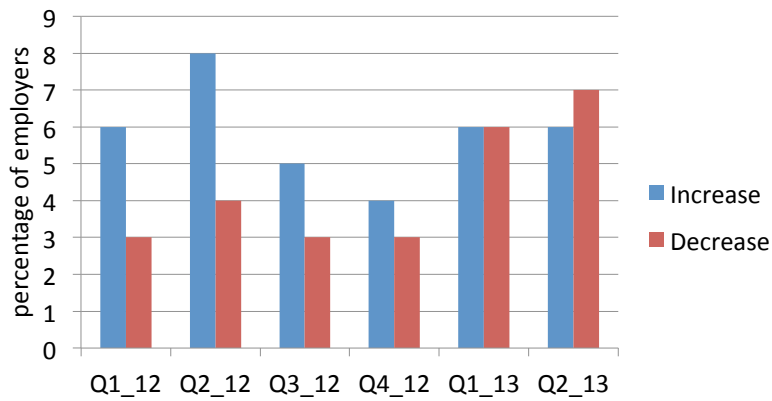
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

9. Other European Countries (graphs only)

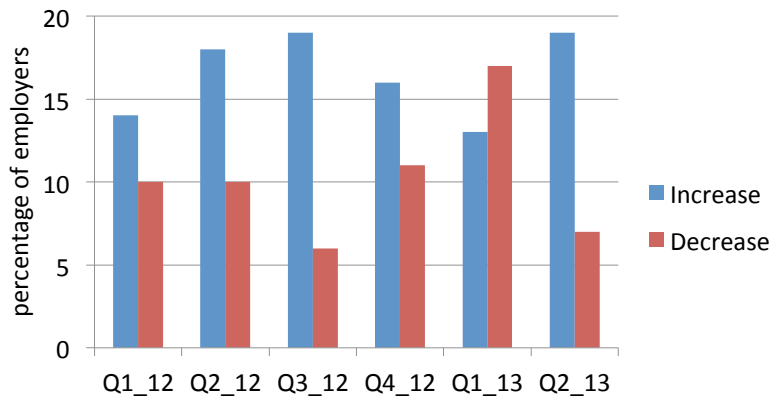
Graph 19. Employers' Hiring Intentions, Belgium
total (not seasonally adj)



Graph 20. Employers' Hiring Intentions, Belgium
total (not seasonally adj)

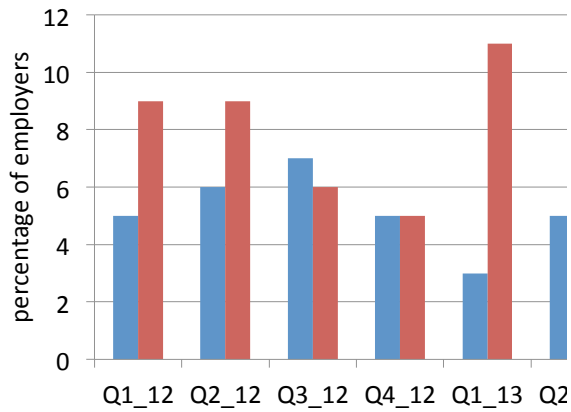


Graph 21. Employers' Hiring Intentions, Bulgaria
total (not seasonally adj)

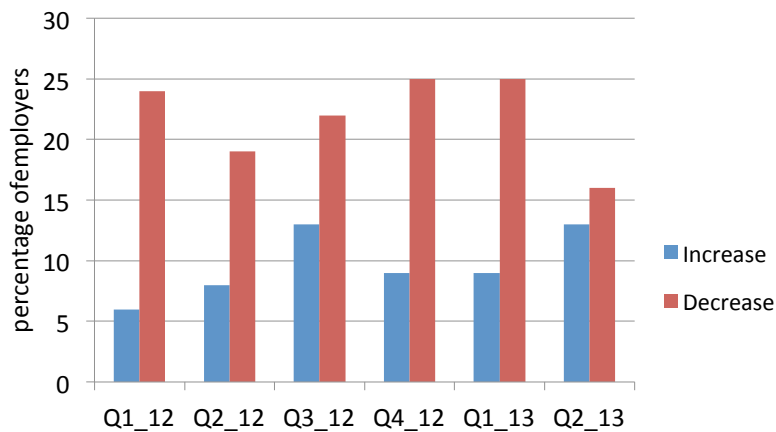


Source: ManpowerGroup, Employment Outlook Survey 2Q2013

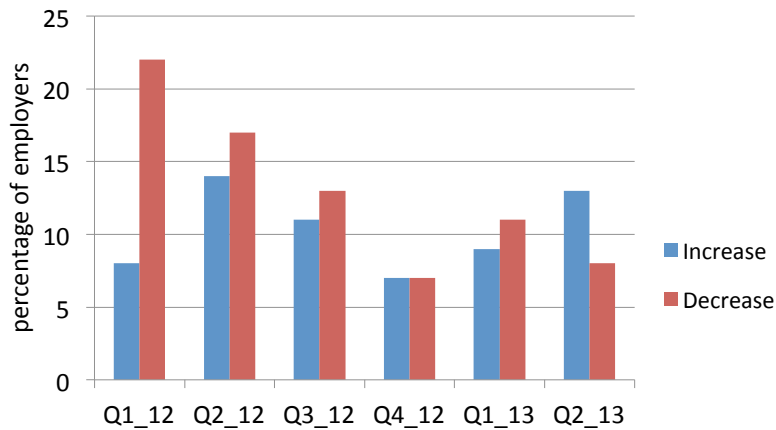
Graph 22. Employers' Hiring Intentions, Czechia
total (not seasonally adj)



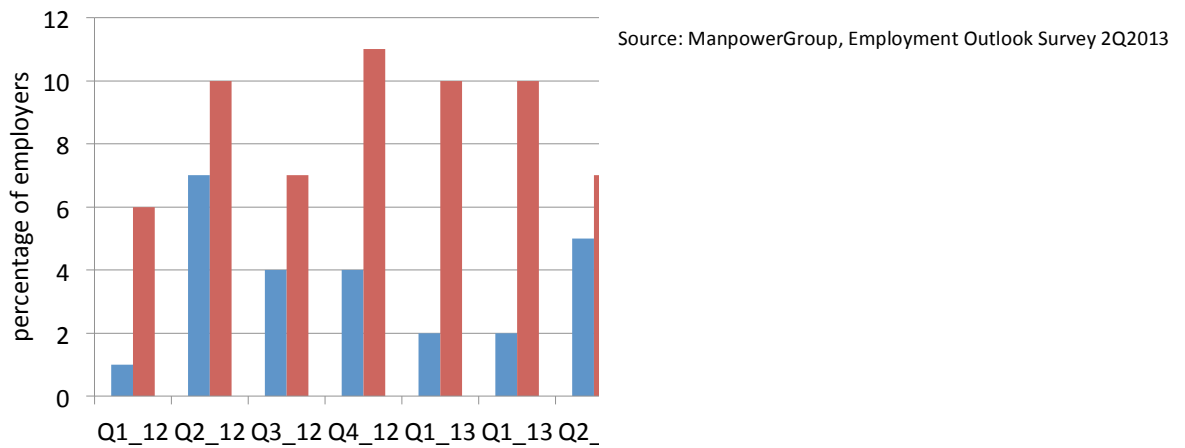
Graph 23. Employers' Hiring Intentions, Greece
total (not seasonally adj)



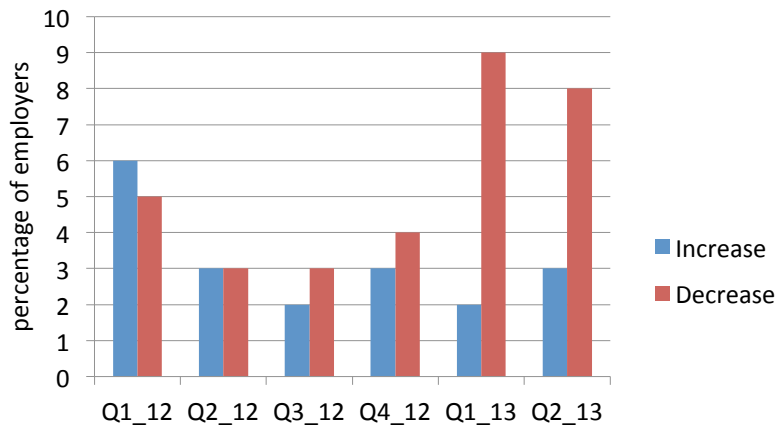
Graph 24. Employers' Hiring Intention, Hungary total (not seasonally adj)



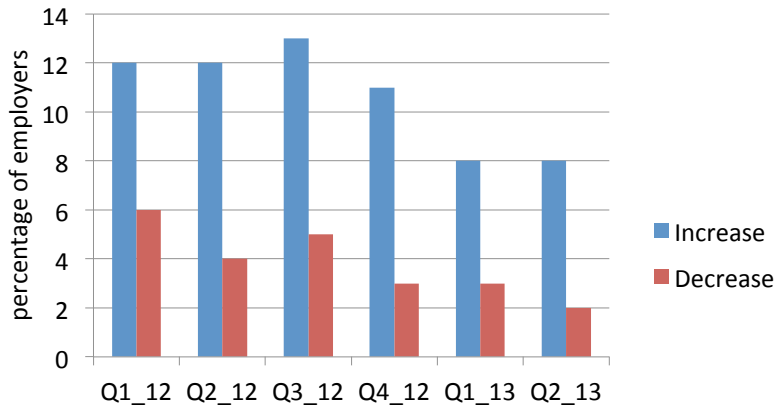
Graph 25. Employers' Hiring Intentions total (not seasonally adj)



Graph 26. Employers' Hiring Intentions, Netherlands total (not seasonally adj)

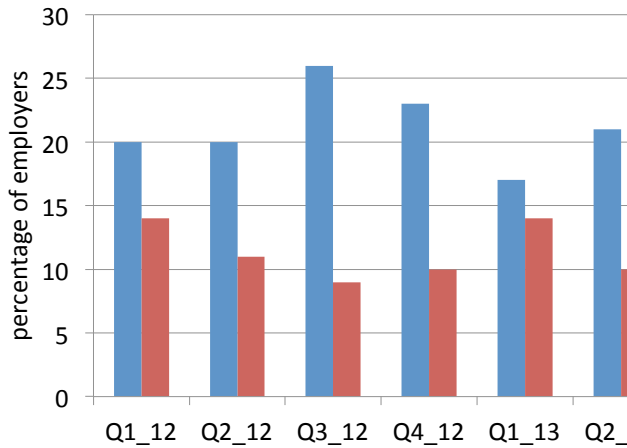


Graph 27. Employers' Hiring Intentions, Norway total (not seasonally adj)

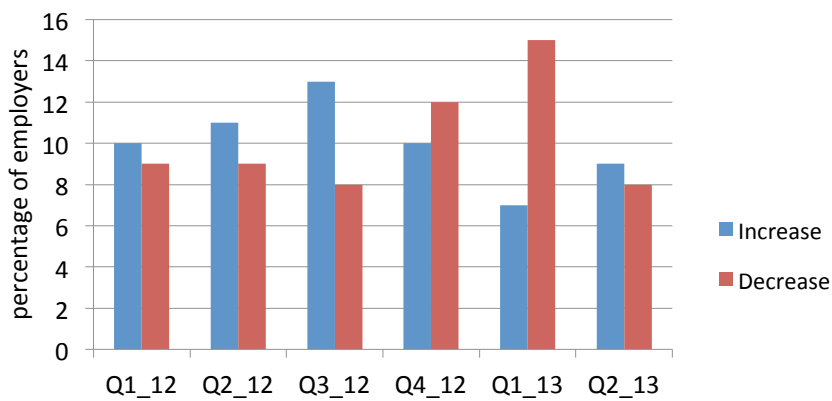


Graph 28. Employers' Hiring Intentions Rom (not seasonally adj)

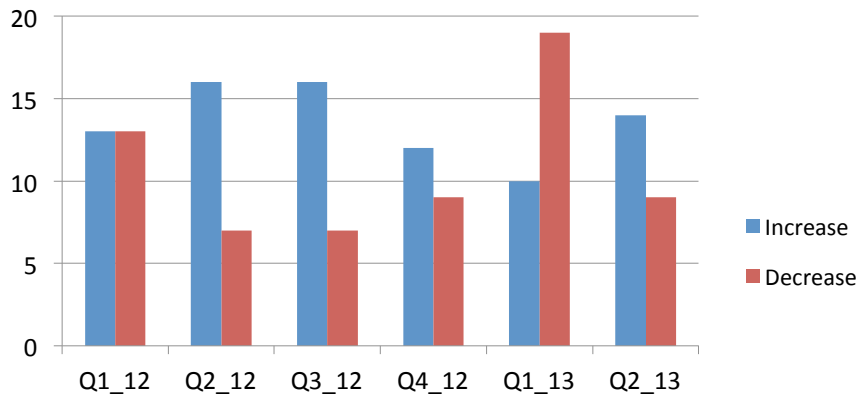
Source: ManpowerGroup, Employment Outlook Survey 2Q2013



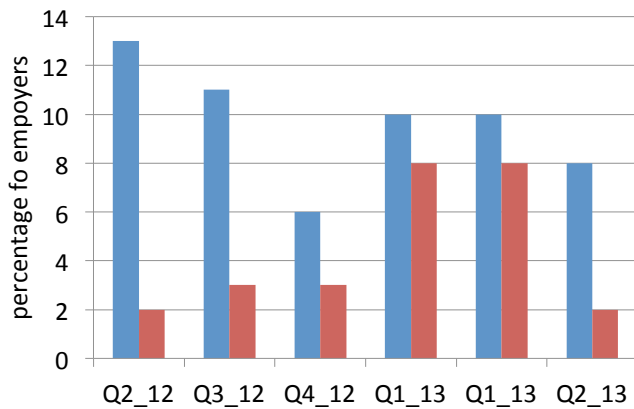
Graph 29. Employers' Hiring Intentions, Slovakia, total (not seasonally adj)



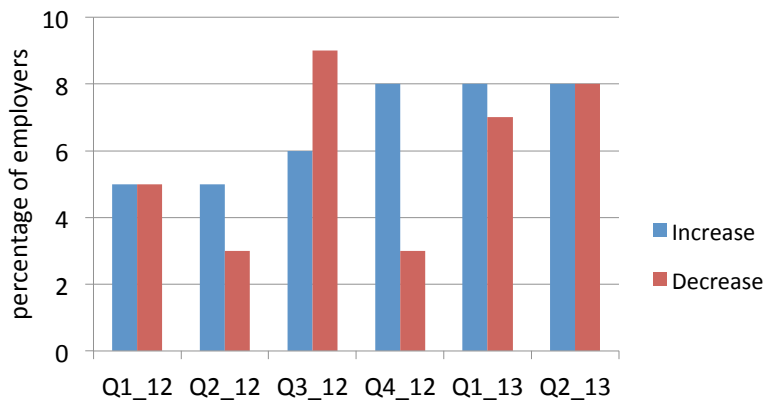
Graph 30. Slovakian employers' staffing plans, nat'l tot. %



Graph 31. Employers' Hiring Intentions, Swe total (not seasonally adj) Source: ManpowerGroup, Employment Outlook Survey 2Q2013



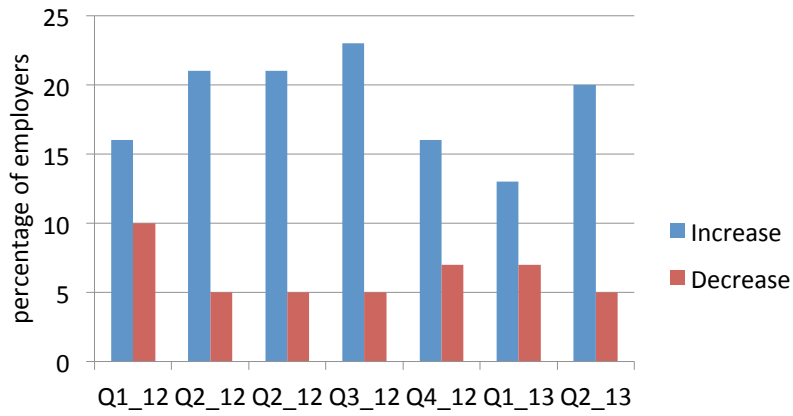
Graph 32. Employers' Hiring Intentions, Switzerl. total (not seasonally adj)



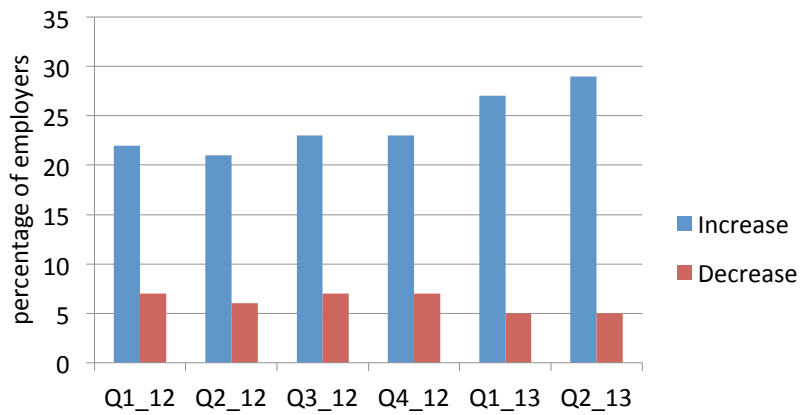
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

10. Canada, Mexico (graphs only)

Graph 33. Employers' Hiring Intentions, Canada total (not seasonally adjusted)



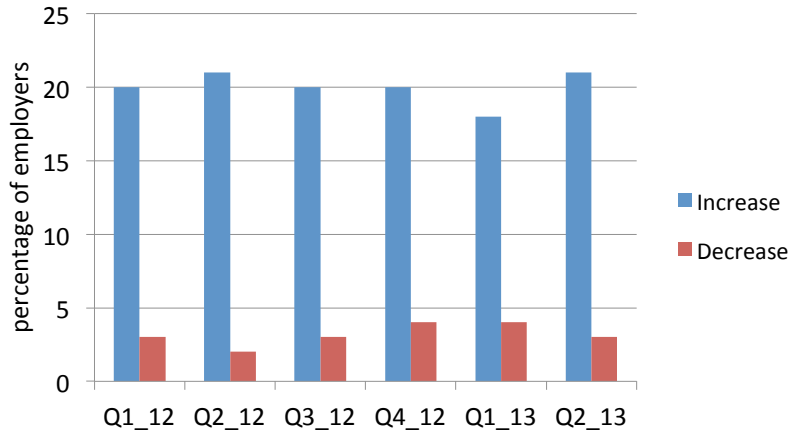
Graph 34. Employers' Hiring Intentions, Mexico services (not seasonally adj)



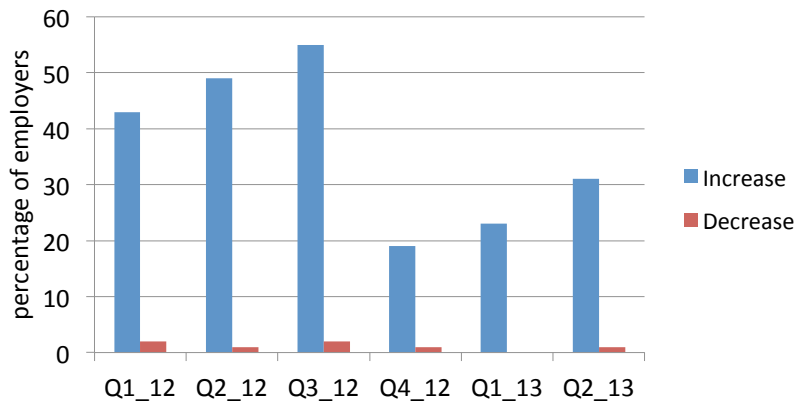
Source: ManpowerGroup, Employment Outlook Survey 2Q2013

11. China, India (graphs only)

Graph 35. Employers Hiring Intentions, China total (not seasonally adj)



Graph 36. Employers' Hiring Intentions, India total (not seasonally adj)



Source: ManpowerGroup, Employment Outlook Survey 2Q2013