

GLOBAL UNEMPLOYMENT REPORT

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To explore international labor markets, companies must first consult global labor market data. PeopleScout, a global provider of RPO, MSP and Total Workforce Solutions, has partnered with HRO Today Magazine to produce quarterly reports that compile current international labor market figures, including measures like national Gross Domestic Product (GDP) and unemployment rates over time, from countries across the globe. This data reveals critical information about the state of the talent pool, working conditions and recruitment needs of various countries and regions. It is an essential tool for predicting fruitful locations for expansion and recruitment, thereby allowing multinational companies to stay competitive in talent acquisition.

To truly understand unemployment rates, it is necessary to collect other types of information about the overall economic environment from which they derive. For that reason, this report analyzes measures that include GDP, economic forecasts and other factors that offer further insight into a given country's unique economic circumstances in addition to unemployment rates.

► Analysis

The global economy is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade. This improvement comes against the backdrop of favorable global financing conditions, generally accommodative policies, rising confidence and firming commodity prices. Global GDP growth is estimated to have picked up from 2.4 percent in 2016 to 3.0 percent in 2017, above the June 2017 forecast of 2.7 percent. The upturn is broad-based, with growth increasing in more than half of the world's economies. Global growth is projected to edge up to 3.1 percent in 2018. ⁽¹⁾

In advanced economies, growth in 2017 is estimated to have rebounded to 2.3 percent, driven by a pickup in capital spending, a turnaround in inventories and strengthening external demand. While growth accelerated in all major economies, the improvement was markedly stronger than expected in Europe. Growth among emerging markets and developing economies is estimated to have accelerated to 4.3 percent in 2017, reflecting firming activity in commodity exporters and continued solid growth in commodity importers. Most of these regions benefited from a recovery in exports. ⁽²⁾

This report contains a section on the five developed nations most deeply impacted by chronic unemployment. Further insight into the challenges these countries face as well as the underlying causes of their struggles with high unemployment rates are also explored.

1. World Bank's January 2018 Global Economic Prospects <http://www.worldbank.org/en/publication/global-economic-prospects>

2. Ibid



NORTH AMERICA

According to the Bureau of Economic Analysis, fourth quarter 2017 GDP grew at 2.5 percent in the United States, down from 3.0 percent in the third quarter. The increase in real GDP reflected increases in consumer spending, business investment, exports and housing investment, as well as federal, state and local government spending. These contributions were partly offset by declines in inventories. Imports, which are a subtraction in the calculation of GDP, increased. ^[3]

In December, the U.S. unemployment rate declined slightly to 4.1 percent from 4.2 percent in September. The unemployment rate has remained at or below 5.0 percent since January 2016, suggesting stability in the American job market and conditions are considered by many economists to be “fully employed.”

Canada’s economy grew 3.0 percent in 2017 and is forecast to grow by 2.5 percent in 2018. The optimism is based on continued resilience of domestic demand which is expected to be complemented by improving exports to the U.S. Further, a resilient housing market may have contributed to the positive view on Canada as well as increased consumer and commercial demand from the U.S. as a result of U.S. tax cuts. ^[4]

3. BEA Press Release, January 26, 2018

<https://www.bea.gov/newsreleases/national/gdp/gdphighlights.pdf>

4. Monthly Economic Monitor, National Bank of Canada, Financial Markets, February 2018



ASIA-PACIFIC

Early estimates suggest that the economy of the Association of Southeast Asian Nations (ASEAN) recorded another quarter of robust growth at the end of 2017, although activity slowed from the nearly five-year high in the third quarter of 2017. Regional GDP expanded 5.2 percent in the fourth quarter, marking the second-fastest growth rate since the first quarter of 2013. The ASEAN economy picked up notably in the second half of 2017 thanks to strong external demand, especially for technology goods, as well as healthy labor markets and accommodative monetary policies.

China has by far the largest economy in the region, with a GDP of nearly \$12 trillion which saw strong growth in the year, and is almost 2.5 times larger than the second biggest economy, Japan, with a GDP of \$4.9 trillion. Unemployment in these two huge regional players remained essentially unchanged since the third quarter of the year, with China reporting 4.0 percent unemployment and Japan reporting a remarkable 2.8 percent.

While Vietnam's economy is comparatively smaller with a GDP of \$216 billion, it gained traction in 2017. Exports jumped more than 20 percent during the year. Vietnam also maintains a very low unemployment rate of 2.2 percent, though that's primarily due to the relatively high proportion of its workforce engaged in agriculture. Overall, the ASEAN region experienced a stellar 2017 and is expected to have grown 5.2 percent, the fastest expansion since 2012. Regional GDP is now forecast to expand 5.1 percent in 2018 and 5.0 percent in 2019. ^[5]

5. Economic Snapshot for ASEAN, Focus Economics, January 24 2018.
<https://www.focus-economics.com/regions/asean>



EUROPE, THE MIDDLE EAST AND AFRICA

The eurozone economy continued to show robust growth in the final quarter of 2017, capping off the best year of expansion in more than a decade. Economic sentiment hit a new multi-year high in December. The Economic Census Indicator, a composite index of consumer and commercial surveys, reached its highest level in seven years.^[6] Exports grew at a solid rate in November, and the unemployment rate fell to a multi-year low in October in the 19 countries that comprise the eurozone. Analysts project that the GDP for the region expanded a robust seasonally-adjusted 0.6 percent in the fourth quarter, in line with results from the third quarter.

The positive momentum from 2017 is expected to have carried over into the new year, and the outlook for the European economy remains bright. The eurozone economy is enjoying the strongest period of economic growth in more than a decade, despite lingering political uncertainty in Spain, Germany and Italy. Analysts forecast strong 2.2 percent growth for the European economy in 2018.^[7]

Economic fundamentals remain strong in the Middle East and North Africa (MENA) on the back of higher oil prices, strong global growth and accommodative financial conditions. However, widespread security threats and political unrest pose a sustained risk to the region's economic performance, and spillovers from OPEC's oil-cut deal continue to weigh on oil-producing countries.

Higher oil prices will boost economic growth among oil-producing economies this year, which will have a positive impact on regional growth in MENA for 2018. The MENA region is expected to expand 2.9 percent in 2018, and grow 3.3 percent in 2019.

In Sub-Saharan Africa, regional GDP expanded 2.7 percent in the third quarter of 2017, matching the second quarter's result,

6. Economic Sentiment Indicator, European Commission, January 2017
https://ec.europa.eu/info/sites/info/files/corrigendum_esi_01_2017.pdf

7. Economic Snapshot for the Euro Area, Focus Economics, February 28, 2018.
<https://www.focus-economics.com/regions/euro-area>

(Europe, The Middle East and Africa – Continued)

which marked the fastest growth since the fourth quarter of 2015. Available data for the fourth quarter suggests that activity remained broadly unchanged. Analysts estimate regional GDP expanded 2.6 percent in the fourth quarter of 2017. The Sub-Saharan African economy is expected to expand 3.3 percent in 2018 and 3.7 percent in 2019. ⁽⁸⁾

Unemployment in the EMEA region fell or remained unchanged for eight of the 10 largest economies. Low unemployment rates in many of the largest economies mean further reductions in the rate will be very small if a change occurs at all. The German economy is the largest in the EMEA region with a GDP of \$3,652 billion. Unemployment in Germany declined 0.1 percent to 3.5 percent in the fourth quarter of 2017.

France is the second largest economy in the EMEA region, but it maintains a relatively high unemployment rate of 9.7 percent, up 0.2 percent since the third quarter of 2017. This rate remains flat with the fourth quarter of 2016. Despite the moderate increase, the unemployment rate is lower than it's been over the last six years, with GDP growth in 2017 expected to have expanded at the fastest pace since 2012. Analysts forecast 2.0 percent growth in 2018.

The United Kingdom is the third largest economy in EMEA. Unemployment in the fourth quarter remained unchanged at 4.3 percent, a multi-decade low. The UK economy was a mixed bag in the fourth quarter of the year. Overall, the UK economy picked up the pace in business services, finance and manufacturing. However, consumer-facing sectors were limp amid a continuing decline in real wages. This fits with a picture of weak retail sales data in the fourth quarter of 2017. However, the labor market was surprisingly robust in the last half of the year, and there was a surge in job creation in the fourth quarter compared to the third quarter. The UK economy is likely to lose momentum as private consumption growth slows and fixed investment is curtailed by Brexit uncertainty. Analysts estimate GDP growth of 1.4 percent in 2018.

8. Economic Snapshot of Sub-Saharan Africa, Focus Economics, January 24, 2018.
<https://www.focus-economics.com/regions/sub-saharan-africa>

(Europe, The Middle East and Africa – Continued)

The EMEA region covers three continents and includes 116 different countries which vary tremendously in GDP. For example, the German GDP is 10,000 times larger than the country with the smallest GDP, Sao Tome and Principe.

Despite the variance in size and economic development, all five of the countries with the highest unemployment rates are found in the region.

1. South Africa has an unemployment rate in excess of 27.0 percent. Since 2000, South Africa's lowest unemployment rate was just 21.5 percent. Some of the reasons cited for its elevated rate include the legacy of apartheid, poor education and training, weak labor demand and historical lack of cultural value for entrepreneurship. Crime is also a significant issue in the country.^[9] A high crime rate in a country can make potential financiers hesitant to invest in the area.

While unemployment in the third quarter of 2017 remained steady, early data for the fourth quarter is shaky. The economy is expected to recover moderately in 2018 and 2019 on the back of higher prices for commodities. South Africa's economic outlook will closely mirror political developments within the country. Analysts expect the economy to grow 1.5 percent in 2018, and 1.7 percent in 2019.^[10]

2. Greece's economic problems are well documented. Its unemployment rate was moderate until late 2008 when it began its dramatic ascent. Youth unemployment in the country is a staggering 49.5 percent, far worse than the overall unemployment rate of 20.4 percent. Many believe the problem in Greece is structural and will require microeconomic policies to remedy the situation.^[11]

Available data for the fourth quarter suggests that activity is improving, although growth will likely remain lackluster overall. An improving labor market and more positive business sentiment should facilitate stronger growth in 2018.^[12]

9. The Five Highest Unemployment Rates In The World, Forbes, December 28, 2015

10. South Africa Economic Outlook, Focus Economics, January 23, 2018.
<https://www.focus-economics.com/countries/south-africa>

11. Greece Economic Outlook, Focus Economics, January 30, 2018.
<https://www.focus-economics.com/countries/greece>

(Europe, The Middle East and Africa – Continued)

3. The recent financial crisis hit Spain especially hard. Unemployment was down around 8.0 percent before spiking to 26.9 percent in early 2013. Over the past 40 years, the rate has been under 10 percent for only a handful of years. The unemployment rate for Spain's youth is a whopping 47.7 percent. ⁽¹³⁾

The economy remained stable in the fourth quarter, despite heightened uncertainty linked to the political environment surrounding secession in Catalonia. Incoming data shows that the negative economic impact stemming from the crisis has been limited to the region, with growth momentum largely intact in the broader Spanish economy. Political tensions aside, the domestic economy is expected to lose some steam in 2018 on slower employment growth, decreased support from fiscal and monetary policy and higher oil prices. Analysts expect growth of 2.6 percent in 2018 and 2.3 percent in 2019. ⁽¹⁴⁾

4. Iraq's economy continues to struggle in the aftermath of the war. However, the unemployment rate is down to 16 percent from a high of 28.1 percent in 2003. The economy will benefit in 2018 from higher oil prices. However, slow progress in implementing structural reforms, reduced oil output and mounting political tensions around the Kurdish region's quest for independence cloud Iraq's economic outlook. Analysts forecast growth of 2.5 percent in 2018 and 3.5 percent in 2019. ⁽¹⁵⁾

5. Throughout most of the first part of the 21st century, Egypt experienced consistently high unemployment rates. Additionally, the 2011 revolution inflated unemployment rates, contributing to the heightened unemployment rates of 11.9 percent currently reported in Egypt. However, the economy continues to strengthen in early 2018. Analysts expect the country's GDP to expand 4.4 percent in 2018 and 4.8 percent in 2019. ⁽¹⁶⁾

12. The Five Highest Unemployment Rates In The World, Forbes, December 28, 2015

13. Ibid

14. Spain Economic Outlook, Focus Economics, January 30, 2018.
<https://www.focus-economics.com/countries/spain>

15. Iraq Economic Outlook, Focus Economics, February 6, 2018.
<https://www.focus-economics.com/countries/iraq>

16. Egypt Economic Outlook, Focus Economics, February 6, 2018.
<https://www.focus-economics.com/countries/egypt>



LATIN AMERICA

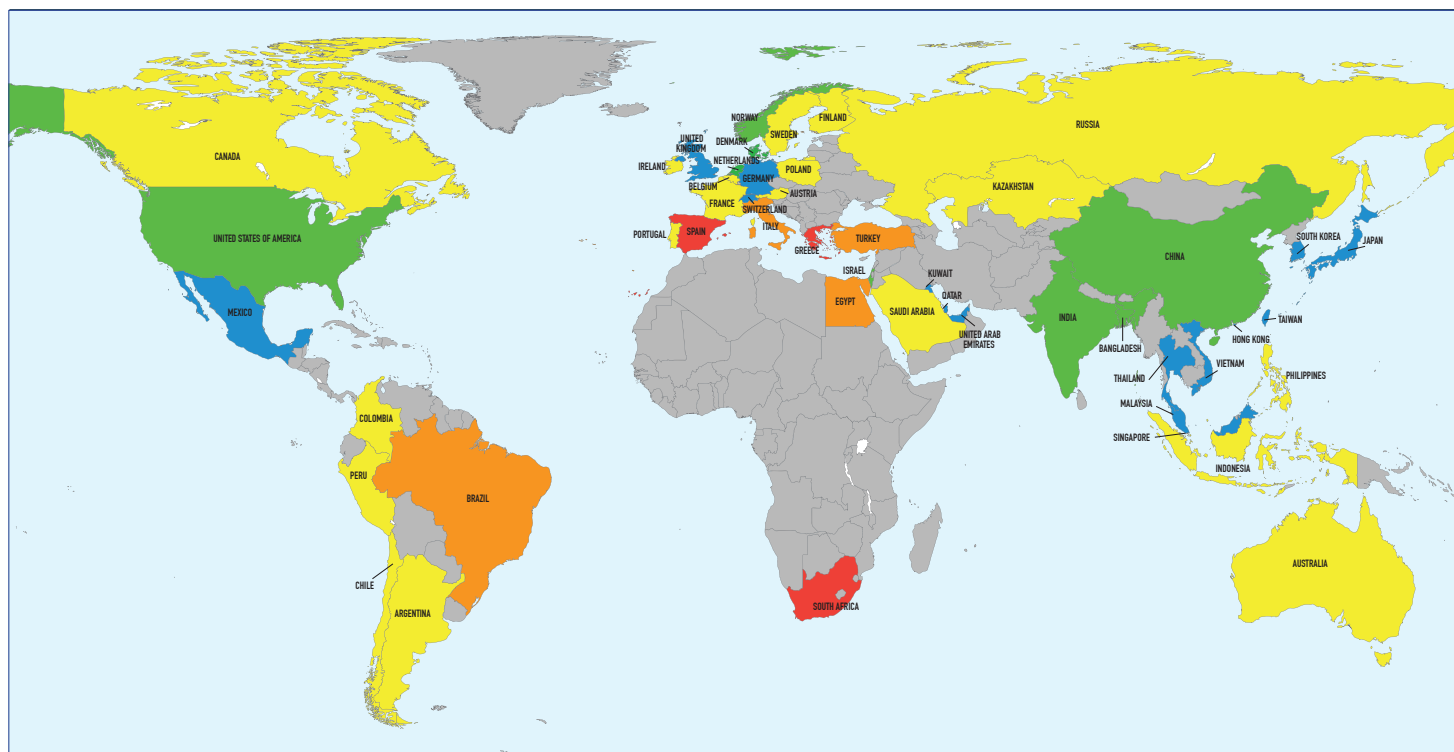
Early readings for the end of 2017 suggest that the Latin America economy ended 2017 on a healthier note, with regional GDP projected to have grown 2.3 percent annually in the fourth quarter. This would mark the strongest growth rate since the first quarter of 2014 and a notable pick-up from the 1.7 percent expansion in the third quarter of 2017. The region's economic backdrop has improved in recent months as the long-awaited recovery takes hold and growth benefits from improving confidence, positive financial conditions, rising prices for commodities and solid global demand. The forecast for the region is the GDP growing 2.3 percent in 2018 and 2.7 percent in 2019, which is moderate overall for the region. ⁽¹⁷⁾

The building momentum is being chiefly driven by stronger activity in Brazil. Inflation fell to historic lows in the fourth quarter, allowing the central bank to aggressively ease monetary policy to boost growth. Moreover, the unemployment rate edged down in the quarter, though it remains high at 11.8 percent.

Mexico is the second largest economy in the region, but the country is navigating choppy economic waters with leading data for the fourth quarter indicating that the 1.8 percent growth only recovered somewhat from the third quarter's near four-year low of 1.5 percent. However, even though the Mexican economy isn't growing as robustly as other countries in the region, its unemployment rate is low at 3.1 percent, down from 3.6 percent in the prior quarter.

17. Economic Backdrop Improves as Political Cycle Advances, Economic Snapshot for Latin America, Focus Economics, February 14, 2018.

WORLDWIDE UNEMPLOYMENT SNAPSHOT – Q4 2017



0 – 3.9%

4.0 – 4.9%

5.0 – 9.9%

10.0 – 14.9%

15.0 % and above

Note: Only those countries included in the Worldwide Unemployment Snapshot in this report are shown.

(not included)

WORLDWIDE UNEMPLOYMENT SNAPSHOT – Q4 2017

Country	U.S. \$ *	% Unemployment Rate **	% Unemployment Previous Period	% Unemployment Previous Year	Update Frequency	Last Updated
North America						
U.S.	19,362,129	4.10	4.20	4.90	Monthly	Jan-18
Canada	1,640,385	5.90	6.20	6.90	Monthly	Dec-17
Asia Pacific						
China	11,937,562	4.00	3.95	4.10	Quarterly	Jun-17
Japan	4,884,489	2.80	2.80	3.20	Monthly	Dec-17
India	2,439,008	4.89	3.46	6.43	Monthly	Dec-17
South Korea	1,529,743	3.60	3.70	3.50	Monthly	Jan-18
Australia	1,390,150	5.50	5.50	5.70	Monthly	Dec-17
Indonesia	1,010,937	5.50	5.33	5.61	Quarterly	Aug-17
Taiwan	571,453	3.70	3.71	3.82	Monthly	Jan-18
Thailand	437,807	0.96	1.20	0.80	Monthly	Dec-17
Hong Kong	334,104	2.90	3.10	3.40	Monthly	Dec-17
Philippines	321,189	5.00	5.60	4.70	Quarterly	Oct-17
Malaysia	309,858	3.30	3.40	3.40	Monthly	Nov-17
Singapore	305,757	2.20	2.10	2.10	Quarterly	Jan-18
Bangladesh	250,023	4.00	4.10	4.30	Yearly	Mar-17
Vietnam	215,963	2.23	2.26	2.34	Quarterly	Mar-17
EMEA						
Germany	3,651,871	3.50	3.60	3.50	Monthly	Dec-17
France	2,574,807	9.70	9.50	9.70	Quarterly	Sep-17
United Kingdom	2,565,051	4.30	4.30	4.80	Monthly	Nov-17
Italy	1,921,139	10.80	11.10	12.00	Monthly	Dec-17
Russia	1,469,341	5.10	5.10	5.30	Monthly	Dec-17
Spain	1,307,170	16.55	16.38	18.63	Quarterly	Dec-17
Turkey	841,206	10.30	10.70	11.80	Monthly	Oct-17
Netherlands	824,480	4.40	4.70	6.60	Monthly	Dec-17
Switzerland	680,645	3.30	3.00	3.30	Monthly	Jan-18
Saudi Arabia	678,541	5.80	6.00	5.70	Quarterly	Sep-17
Sweden	541,889	6.00	6.20	6.90	Monthly	Dec-17
Poland	509,995	6.60	6.80	8.20	Monthly	Sep-17
Belgium	491,672	6.70	7.30	7.20	Monthly	Dec-17
Austria	409,316	9.40	7.50	10.30	Monthly	Dec-17
Egypt	408,045	11.90	11.98	12.77	Quarterly	Sep-17
Norway	392,052	4.10	4.60	4.40	Monthly	Nov-17
United Arab Emirates	378,656	3.69	3.69	3.69	Every 2 years	Dec-16
Israel	348,006	4.00	4.50	4.80	Monthly	Dec-17
South Africa	344,064	27.70	27.70	27.10	Quarterly	Sep-17
Ireland	325,649	6.20	6.10	7.50	Monthly	Dec-17
Denmark	324,146	4.20	4.40	6.50	Monthly	Dec-17
Finland	251,481	8.40	8.00	9.30	Monthly	Dec-17
Portugal	211,696	8.10	8.80	10.20	Quarterly	Jan-18
Greece	204,299	20.40	21.00	22.40	Monthly	Oct-17
Qatar	166,346	0.29	0.10	0.23	Quarterly	Dec-17
Kazakhstan	156,189	5.00	4.90	4.95	Monthly	Dec-17
Kuwait	118,271	2.44	2.40	2.78	Yearly	Dec-16
Latin America						
Brazil	2,080,916	11.80	12.40	12.00	Monthly	Dec-17
Mexico	1,142,453	3.10	3.60	3.40	Monthly	Dec-17
Argentina	619,872	8.30	8.70	7.60	Quarterly	Sep-17
Colombia	307,475	8.60	9.20	8.74	Monthly	Dec-17
Chile	263,206	6.40	6.70	6.10	Monthly	Dec-17
Peru	210,013	6.50	6.40	6.20	Monthly	Dec-17

* Data from the International Monetary Fund, October 2017

** Employment Statistics obtained from sources on 2/22/2018

► Additional Implications when Using Report Findings

HR professionals should exhibit caution when interpreting the results in this document. What constitutes unemployment isn't cut and dry; even countries with long-standing practices in reporting unemployment periodically change criteria. Some countries adjust unemployment estimates because of seasonality, and some do not. The definition of full-time employment and who should count as a member of the labor force varies by country. Further, the percentage change in the unemployment rate in a developed country like Japan with a high proportion of its potential workforce employed will be far lower than what's reported in a less developed country like Colombia.

Economic growth is also very relative. The GDP growth rate in the Philippines was 6.9 percent in 2017, far above the global growth rate of 3.0 percent or that of the United States of 2.6 percent in the fourth quarter of 2017.^[18] A larger economy like that in the U.S. won't grow proportionately as much as a far smaller one, like the Philippines. The smaller growth rate is not a negative when evaluating the economic health of the country.



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18. These are the world's fastest-growing economies in 2017, World Economic Forum, June 9, 2017
<https://www.weforum.org/agenda/2017/06/these-are-the-world-s-fastest-growing-economies-in-2017-2/>