



The Uneven Road to Recovery: A Sectoral Overview First Semester 2010

Highlights

The pace of recovery is slower than what is required to restore the millions of jobs lost since the onset of the crisis

- Despite stronger activity reported through the first quarter of 2010, the pace of the economic recovery appears to have slowed globally in recent months. GDP growth in the second quarter was moderate both in developed and vigorous emerging economies notably in the U.S, the Euro Area, Japan, China, South Africa, and Brazil.
- Emerging and export-oriented economies in Asia, Latin America and Africa continue to lead the recovery in the first half of 2010. Supported by domestic demand, improvements in inventory cycles, trade and commodity prices. The role of these economies for the recovery has increased substantially as they contribute nearly half of global growth.

Jobs in advanced economies are generally subdued in a number of sectors, whereas in emerging and developing economies the recovery seems to be progressing more rapidly

- Employment expanded slowly in the first semester of 2010 across sectors. Globally, manufacturing and construction continued to lose, on aggregate, the largest number of jobs in the first half of 2010, albeit at a slower pace. Nearly 3.0 and 2.2 million jobs were lost in these sectors, respectively, in the first quarter of 2010 (year-on-year) whereas in the second quarter of 2010 (year-on-year) the fall was greater in construction (1.4 million) than in manufacturing (1.1 million). Manufacturing labour markets remain troubled particularly in Europe.
- The pace of job losses also declined in wholesale & retail trade (-0.8 per cent) and in transportation, storage & communications (-0.6 per cent) in the second quarter of 2010 (year-on-year), signalling that the recovery is slowly progressing in these sectors and that they remain highly dependent on the volatility observed both in domestic and export markets in the first half of the year.
- Volatility also persists in financial intermediation. After early signs of recovery in the first half of 2009, employment levels fell unexpectedly in the third quarter of 2009 and have been rising and falling quarter-to-quarter since then, confirming that the industry is still undergoing some restructuring, particularly in the U.K. and the U.S.
- Agriculture remained resilient across regions in the first semester of 2010 compared to 2009 with some volatility observed globally, in the first quarter of 2010 (-1.1 per cent) (year-on-year). The effects of the El Niño phenomenon in a number of Asian economies



seem to be driving these trends. Employment levels in this region declined 5.9 per cent in the first quarter of 2010 (year-on-year).

- The recovery seems to be continuing in hotels & restaurants and in real estate, renting & business services. Employment levels in these sectors rose 1.5 and 1.1 per cent respectively in the second quarter of 2010 compared to 2009. The activity in the tourism sector is more solid in the Asian and Pacific, as well as, in the Latin American regions.
- Employment levels in education, health and public administration remained positive in the first semester of 2010, in spite of announced austerity measures in a number of developed economies. The health sector has by far been the most active in adding jobs during the economic slowdown. Almost 2.8 million jobs were added in the first quarter of 2010 compared to the same period in 2008. This trend remained in the first semester of 2010.
- Labour markets continued to adjust across sectors in the first semester of 2010 not only through changes in employment levels, but also in hours of work. After falling consecutively throughout 2009, hours of work began to resume in the first and second quarters of 2010 (year-on-year) in almost all the sectors with the exception of agriculture, forestry & fishing.

The rapidly changing environment suggests that the recovery will continue across economies and sectors over the remainder of 2010, albeit at an uneven and moderate pace

- In the first half of 2010 concerns have increased over the weak private consumption in developed economies and the uncertainty of the impact of fiscal consolidation plans in determining the length of the recovery in the short term. Similarly, there are early signs of a job-less recovery in certain sectors where the economic slowdown may have been resulted in a more permanent reduction of employment. This seems to be the case of manufacturing. The shape and strength of the recovery is likely to depend on how this trend will evolve in the long-term.
- Overall, the labour market outlook for the next half of 2010 remains uncertain across sectors. Employers surveyed by Manpower in 36 countries worldwide expect that hiring will improve in 32 out of 36 countries in the fourth quarter of 2010 (year-on year). However, the hiring expectation falls to 14 countries out of 36 when responses are analyzed on a quarterly basis. Employers' expectations are more positive in the Americas and in the Asian Pacific regions than in Europe and in the Middle East & African regions.