



Employment Outlook Analysis

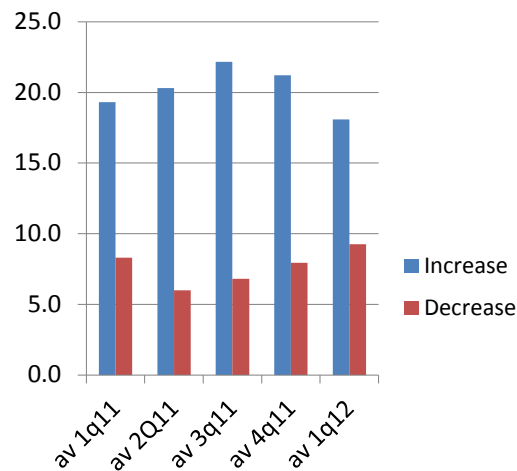
First Quarter 2012

1. General

The employment markets have been surprisingly resilient in light of the extremely challenging environment that they operate in. The continued stream of economic and political news that has challenged employers' resolve includes the earthquake and nuclear plant disaster in Japan putting one of the world's largest economies on its knees, the Arab Spring pushing up oil prices, Washington's political brinkmanship in July undermining confidence globally, and the lingering uncertainty of the Euro pushing Europe towards recession.

While the employment outlook has over the past year reported positive employer hiring intentions, these intentions have largely remained unfulfilled. Employers have been reluctant to lose their skilled workforce, hopeful that markets will soon pick up again, yet cautious to undertake major hiring. Therefore whilst not remaining static, the labour markets have been slow to improve and continue to be in a delicate state. ManpowerGroup's Employment Outlook Survey for the first quarter of 2012 indicates an overall softening of employers hiring intentions (Graph 1).

Graph 1. Employers' hiring sentiments



Source: Manpower Employment Outlook Survey

Unemployment is under continuous upward pressure, underemployment has risen, young new entrants into the labour force find it increasingly difficult to land their first job, and part time, temporary work and self-employment has offered an opportunity as permanent jobs are in scarce supply.

There is only so much bad news that the markets can take. In the absence of positive economic and political signals employers in Europe are turning less hopeful about their future hiring. According to ManpowerGroup's survey the European employment outlook for the first quarter in the coming year weakens from the previous quarter.

The US employers' report a firming up of the employment outlook for the coming quarter. The improvement over the previous quarter is only slight and remains well below levels at which net employment growth can be expected. The pace at which the recent encouraging news strengthens the employment market is likely to be slow.

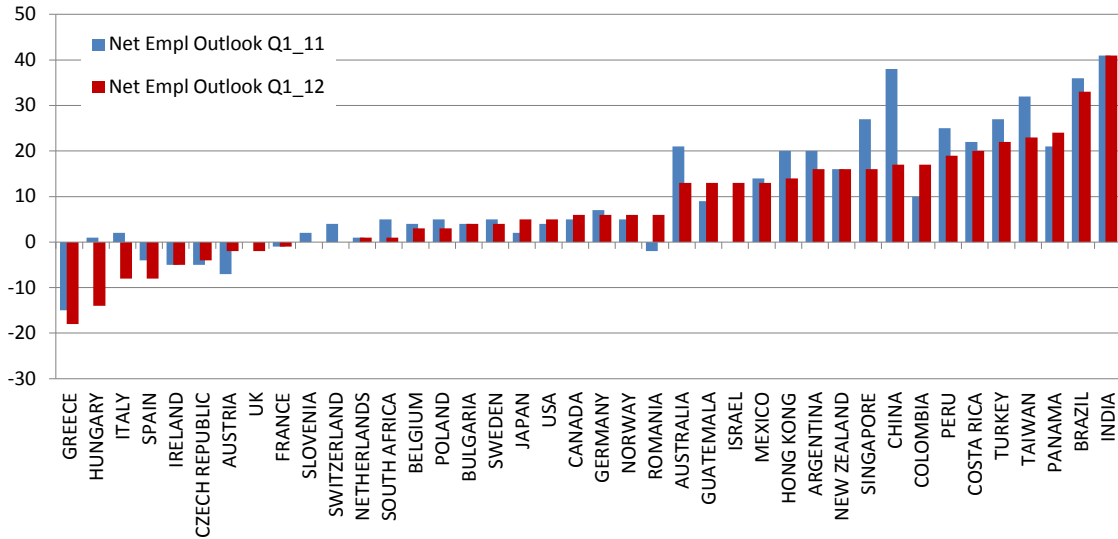
The levels at which Chinese employers were planning for staff increases in 2010 and 2011 fuelled skill shortages and wage inflation. China's policies to cool down the economy are having effect. The moderated GDP growth has also cooled down employers' hiring intentions. For the first quarter of 2012 they still remain, however, at robust levels. While wage inflation may ease, skill shortages are likely to continue.

During the financial crisis the global economy was not kept afloat by the US, but by China. The spillover effect of the Chinese stimulus helped not only the Asian regions and raw material rich economies, but also export oriented economies such as Germany. Therefore, as China's economy is cooling down, the same spillover effects can be expected, but in reverse. As a case in point, Germany's employment outlook, while still robust, is showing signs of softening.

The Indian employers' hiring intentions in the first quarter of 2012 remain at extremely high levels and strengthen from the previous quarter. With this they buck the global trend of softening employment outlook. While some of the planned restructuring has been placed on hold, the financial services' and retail sectors are expected to become open to international companies. The Indian companies and service providers are rethinking their businesses and therefore staffing and up-skilling for what they believe to be a future onslaught of international competition.

Fewer than a third of the surveyed employers report stronger hiring intentions in the first quarter of 2012 which is less than a year ago (Graph 2). Most of them are countries in development. The high-income countries with a strong employment outlook include Austria, Japan, the US, Canada and Norway.

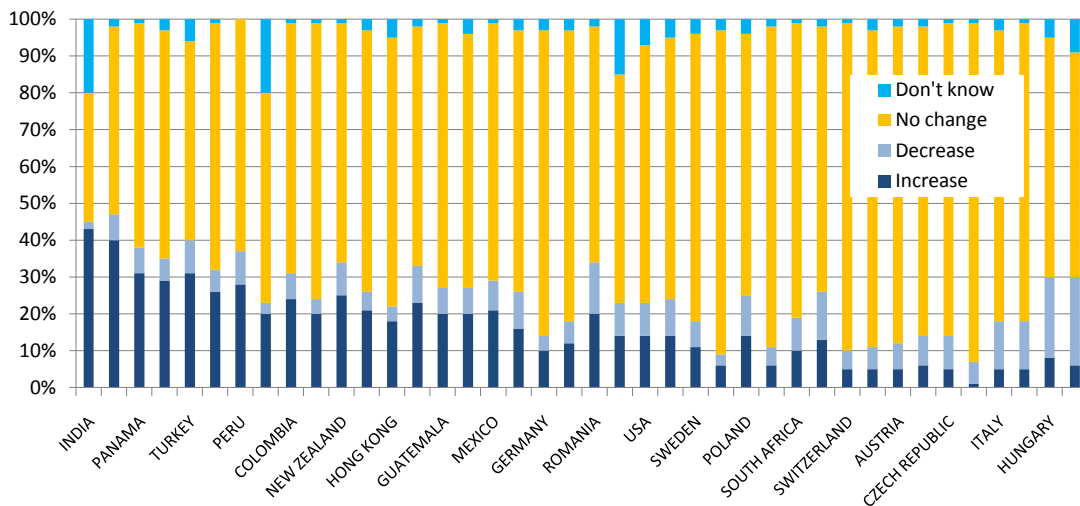
Net Employment Outlook Global Comparison



Source: Manpower Employment Outlook Survey

The global comparison brings no major surprises. 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 3).

Graph 3. Employers' hiring intentions, global comparison 1Q2012



Source: Manpower Employment Outlook Survey

2. The United States

An improved economic outlook is showing up for the US as employment begins to strengthen, yet employers continue to be cautious. The unemployment rate declined 0.4% to 8.6% between October and November. While some of this is due to people withdrawing from the labour markets, the employment to population ratio is now 0.4 percentage points higher than in July. Even if the improvements carry forward it is likely that growth in employment will be slow.

In October 120,000 new jobs were added to the job market, 140,000 in the private sector while the public sector shed 20,000. Temporary jobs were at 22,000, up from 16,000 in October and 7.8% higher in November 2011 than a year ago.

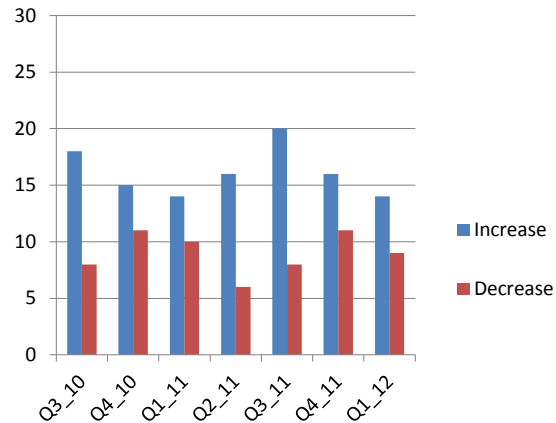
A number of factors underpin the upside dynamics. Oil prices have come down since the beginning of 2011. Household balance sheets are improving and deleveraging continues facilitated by low interest rates. Consumer confidence seems to be growing. In October, growth in personal incomes accelerated. Retail sales were up more than 7% on October from a year before. The employment markets in the US in the coming year will be further supported by a payroll tax reduction.

For the first quarter of the coming year ManpowerGroup's Net Employment Outlook firms up by 2% to +9%. While encouraging in itself it still is below the +12 to 13% level at which historically the US net employment growth starts. Therefore, despite a stronger employment outlook the revival of the employment market can be expected to be slow.

The professional and business services' sector is the most optimistic of all the US sectors. The sector's weekly working hours have continued to rise and employment levels are only 3% below those in 2007. ManpowerGroup's Talent Shortage Survey 2011 highlights skill shortages as a continuing challenge for this sector, with 50% of employers indicating difficulty in filling positions. The company's Employment Outlook Survey indicates the trend to continue in the first quarter of 2012.

In the manufacturing sector, present employment levels and the aggregate weekly working hours are at 15-20% below their 2007 highs reflecting the loss of jobs seen in the sector. A slight strengthening of hiring has begun in the sector, particularly in the case of the durables sector where the stock of job vacancies has begun to rise slowly.

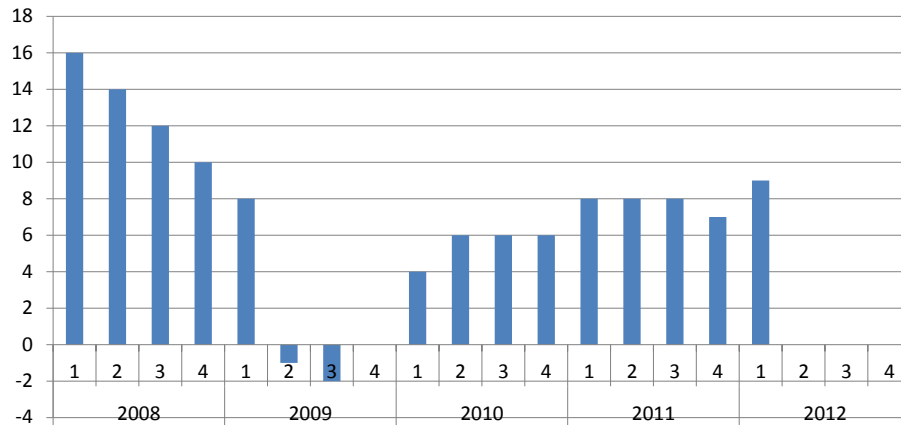
Graph 4. US employers' staffing plans, nat'l total, %



Source: Manpower Employment Outlook

Manpower's Employment Outlook Survey indicates a slight firming up of hiring in both durables and non-durables manufacturing in the first quarter of 2012.

Graph 5. Net Employment Outlook, USA, % (seas. adj.)



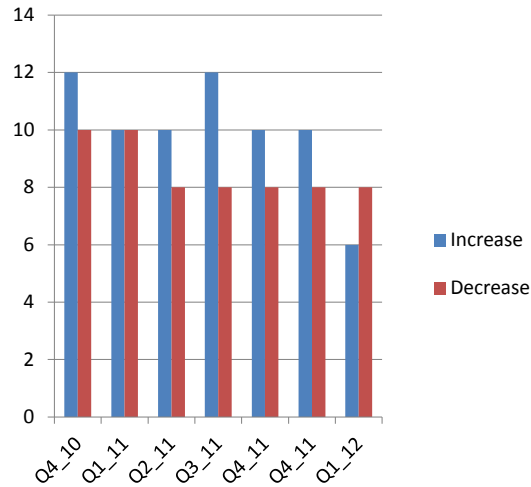
Source: Manpower Employment Outlook Survey

3. The United Kingdom

UK employers continue to put hiring decisions on hold as economic uncertainty persists. The unemployment rose by 129,000 in the three months to September to 2.6 million and a rate of 8.3%, the highest since it has been since 1996.

The employment rate is down 0.5 percentage points from a year earlier. Overall, total employment in the UK has been falling since July, with permanent staff placements falling for a second consecutive month in November. Part-time employment fell back in the three month period to September. Hiring of temporary employees continues to rise although with a smaller increase in October. ManpowerGroup's Employment Outlook Survey suggests falling employment in the first quarter of 2012 with less employers planning to increase staff and more employers planning to decrease (Graph 6).

Graph 6 . UK employers' staffing plans, nat'l total %



Source: Manpower Employment Outlook Survey

The seasonally adjusted Net Employment Outlook weakens from +1% to 0% (Graph 7). There are, however, differences from one sector to the other. Job vacancies in mid-level skill sectors such as manufacturing and construction are declining at the same time as unfilled jobs in lower skilled sectors such as the restaurants and hotels are rising.

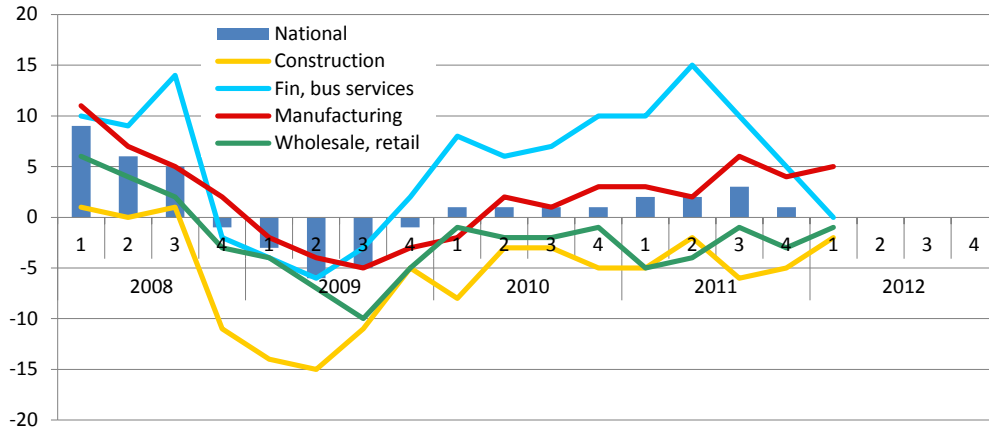
In manufacturing, the cost of goods used by manufacturers barely rose and the output and industrial production fell more than expected in October. Staffing levels fell for the fourth running (October) and as new orders declined. Despite this the employment outlook survey indicates seasonally adjusted hiring intentions at practically the same level (+5%) since mid 2011. The resilience of the manufacturing employment outlook is unlikely to be sustained much beyond the first quarter as the backlog of work in the sector shows further signs of drying up.

Despite a round of discounting prices (the first round in over a year) to encourage sales the service sector key to the economic recovery of the UK slowed in October. New gains in business are proving difficult as companies remain unwilling to commit business spend at a time of economic uncertainty. Employment data reflected this pessimism with employment declining slightly in October. In the retail sector, sales fell dramatically in October.

The financial sector faces significant challenges with regulators warning that banks' efforts to raise funds by backing their bonds with collateral is likely to drive up the cost

of borrowing that has no collateral behind it. The sector's seasonally adjusted Net Employment is now at 0%, down from +15% only in the second quarter of 2011.

Graph 7. Employment Outlook, UK, % (seas. adj.)



Source: Manpower Employment Outlook Survey

3. Germany

Germany's employment remains relatively robust although signs of softening are beginning to surface (Graph 8). Seasonally adjusted unemployment fell by 0.1 percentage point between October and November following a rise in October to 2.94 million, the first since February 2010.

In the third quarter business services had added 189,000 jobs as compared to one year ago, followed by trade, transport, accommodation and food services that added 138,000 jobs. In contrast, employment in public services, education and health declined by 10,000 in the third quarter compared with a year earlier.

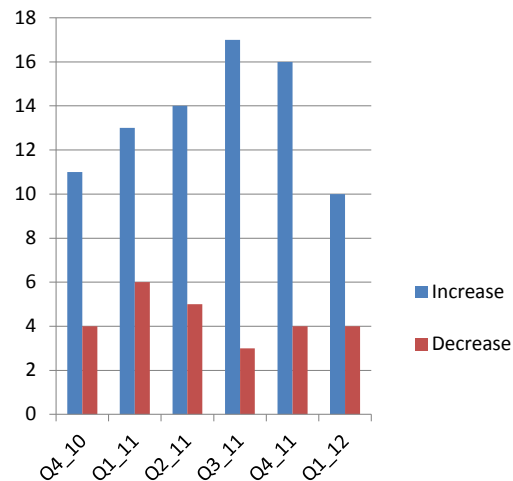
For the first quarter of 2012, ManpowerGroup's employment outlook for Germany remains robust yet softening as China continues to cool. The seasonally adjusted Net Employment Outlook weakens by -2% to 10% (Graph 8). While hiring activity is healthy through the first quarter, it is likely that Germany has passed an inflection point in the third quarter of 2011 and has entered a more cautious period for hiring. After having reached a record high of 40.28 million, employment started to fall and fell by 130,000 from September to October.

Manufacturing weakened for the second month running in November as weak domestic demand and lower export orders took their toll. Although business surveys show that many companies still have a backlog of orders. The sector's hiring plans still continue robust, however, since quarter four there has been a significant reduction in companies planning to hire workers (-6 percentage-point fall). An even more significant fall is reported for quarter one in the wholesale and retail sector where companies that plan to increase staff fell by -8 percentage points.

Public and social sector cut backs appear to be finally taking their toll. After strong expectations in quarter four, hiring intentions to increase staff in quarter one have fallen significantly by -11%, and plans to decrease staff rose by +1%.

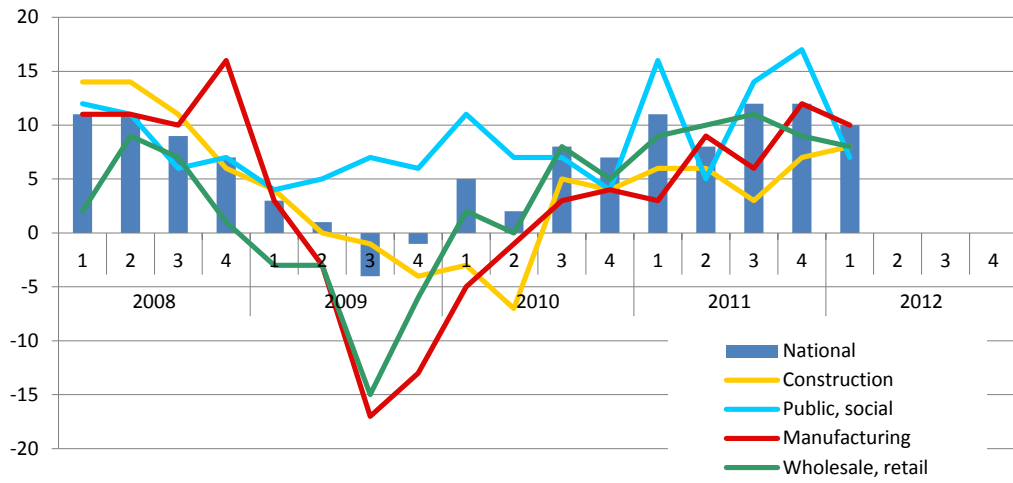
With the robust employment outlook also skill shortages are increasingly evident. Unfilled job vacancies reached levels above even those seen in 2006 and 2007 and skill shortages remain at 40% of employers (having difficulty in filling positions) particularly for skilled trades, technicians and engineers according to the Manpower Talent Shortage Survey.

Graph 8 . German employers' staffing plans, nat'l tot. %



Source: Manpower Employment Outlook Survey

Graph 9. Net Employment Outlook, Germany, % (seas.adj.)



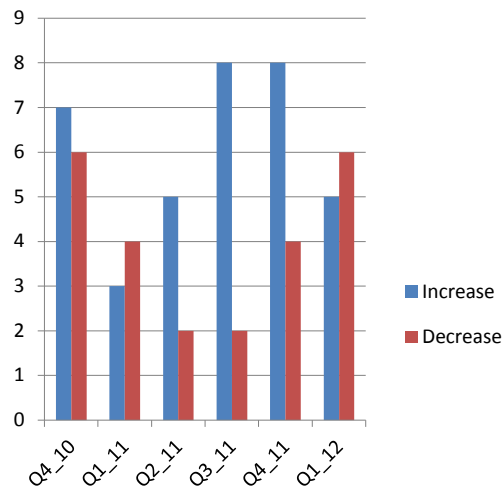
Source: Manpower Employment Outlook Survey

4. France

Relatively low economic growth combined with high public debt remains a key problem for France. There are also growing concerns for the country's competitiveness as high costs imposed on employment and perceived shortages of private capital for business add to the burden of the private sector.

The weak employment market is evidenced by unemployment that has remained at approximately the same level since July, although a slight fall of 0.1 percentage points occurred in October to a rate of 9.8. 24% of youth are out of employment. Unfilled job vacancies fell back to near August levels after a significant rise in September. October levels were -18.1% lower compared to September.

Graph 10 . French employers' staffing plans, nat'l total, %



Source: Manpower Employment Outlook Survey

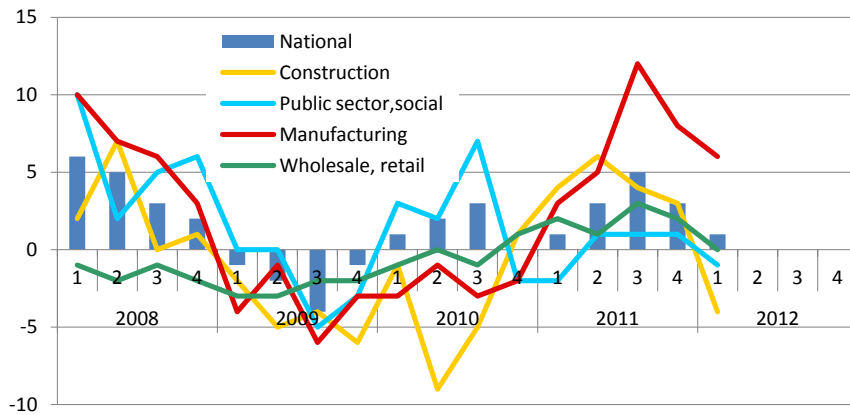
After a rise in payroll employment throughout 2010 and in the first two quarters of 2011, payroll employment in principally market sectors stagnated in quarter three with +3,600 jobs compared to +33,300 in quarter two.

ManpowerGroup's survey indicates the weakening employment trend to continue. The number of employers planning to increase staff fell by -3% after two quarters of stable hiring intentions (Graph 10). Whilst plans to decrease staff rose again from 4% to 6%.

The seasonally adjusted Net Employment Outlook continues to fall in quarter one with a -2% decline. All sectors report a decrease in hiring activity, with construction having the weakest seasonally adjusted employment outlook of -4%.

Plans to increase hiring activity are highest in the manufacturing sector which also exhibits the smallest fall of all sectors, remaining only 1% lower in quarter one compared with the previous period at 11%. Overall, the net employment outlook for manufacturing is -2% lower in quarter one.

Graph 11 . Net Employment Outlook, France, % (seas.adj.)



Source: Manpower Employment Outlook Survey

5. Spain

Spain reports a further weakening in its employment outlook position, continuing the deteriorating trend from quarter four into quarter one in 2012.

Despite tentative hopes in quarter three where trend lines pointed to a very slight move to a more stable situation and signs of strength in the tourism dependent restaurant and hotel sector were surfacing, this was dashed in quarter four as a turn downwards occurred once again. High debt levels and the euro crisis disable the country's capacity to move into a more positive employment outlook.

Employment in quarter three contracted by 236,900 (-1.29%) compared with quarter two. This was mainly attributed to falls in agriculture (-1%), construction (-4.7%) and services (-1.2%) with a slight rise in industry employment (0.13%).

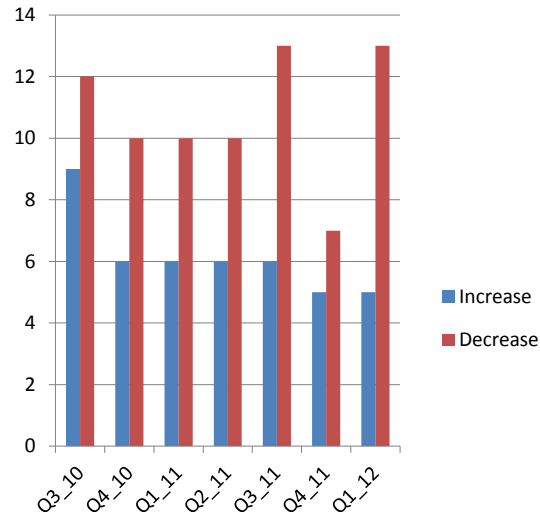
Unemployment rose further from its exceptionally high rate of 21.2 in August to 22.8 in October. For youth, the rate is more than double at 49%, up sharply from a year ago.

In September, long-term unemployment experienced a big rise with more than half of these individuals having low skills. Many of the unemployed youth are out of work because of the two-tier system in Spain, with long term permanent workers who are hard to fire and the increasing practice of time limited jobs in which the young are disproportionately represented.

Hiring intentions in quarter one have receded back to quarter three levels and yet higher with 13% of employers planning to reduce staff hiring, +6% higher than in the previous quarter. Plans to increase hiring remains stable in quarter one (Graph 12). The Net Employment Outlook (Graph 13) is expected to weaken to -6% on the seasonally adjusted basis.

Every time Spain looks to be on the verge of stabilising, its employment market is again dragged down by renewed concerns over the country's debt and the Euro crisis. For the first quarter of 2012 all sectors report an increase in the number of employers planning to reduce hiring activity. The only sector where plans to increase hiring have

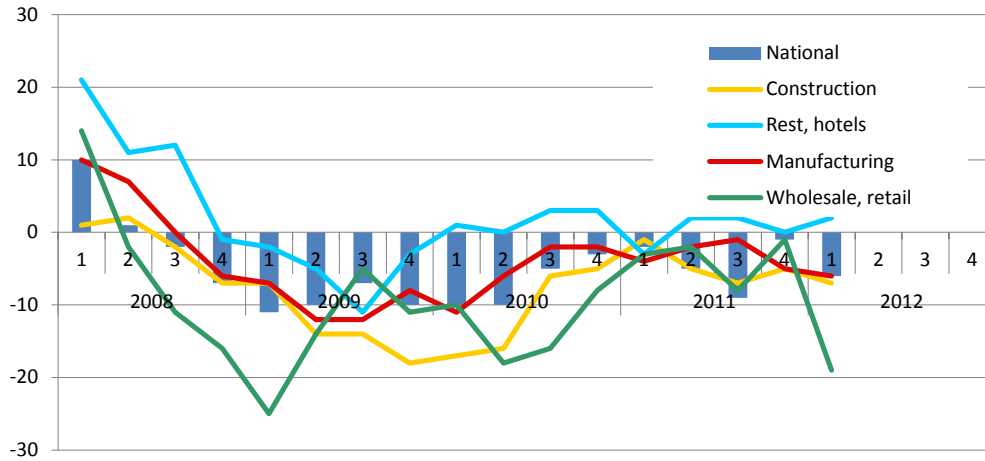
Graph 12 . Spanish employers' staffing plans, nat'l total %



Source: Manpower Employment Outlook Survey

moved upwards from the quarter four position is in manufacturing. However, overall, the plans to decrease hiring dominates the final result. The most significant fall in hiring comes from the wholesale and retail sector with a rise of +11% for employers planning to reduce staff and a contraction of -4% in those planning increases. Restaurant and hotels is the only sector to show a slight increase in the Net Employment Outlook by +2%.

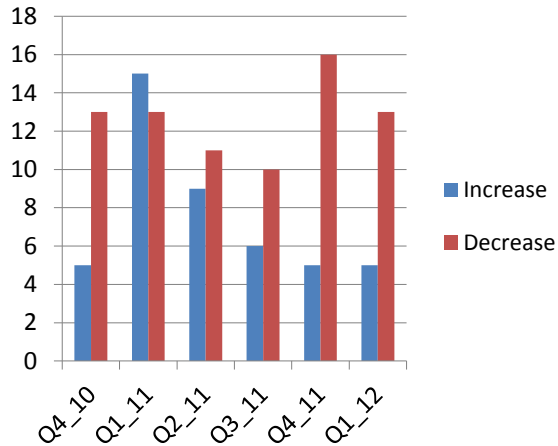
Graph13 . Net Employmen Outlook, Spain, % (seas.adj.)



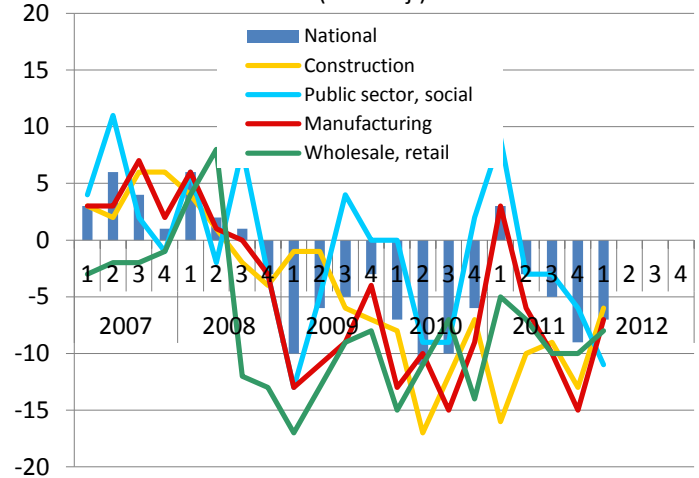
Source: Manpower Employment Outlook Survey

6. Italy (graphs only)

Graph 14. Italian employers' staffing plans, nat'l tot. %

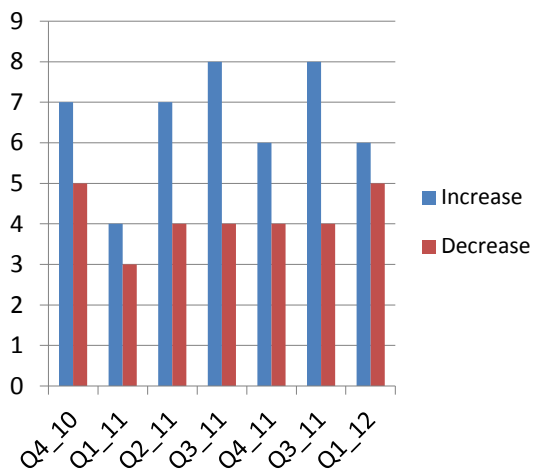


Graph 15. Net Employment Outlook, Italy, % (seas.adj.)

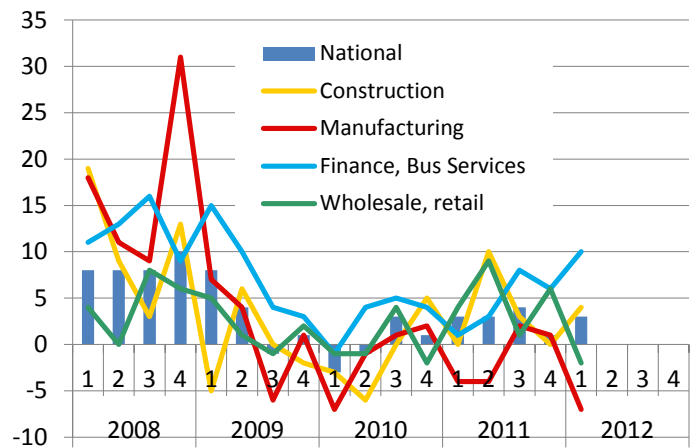


7. The Netherlands (graphs only)

Graph 16. Netherlands employers' staffing plans, nat'l tot. %



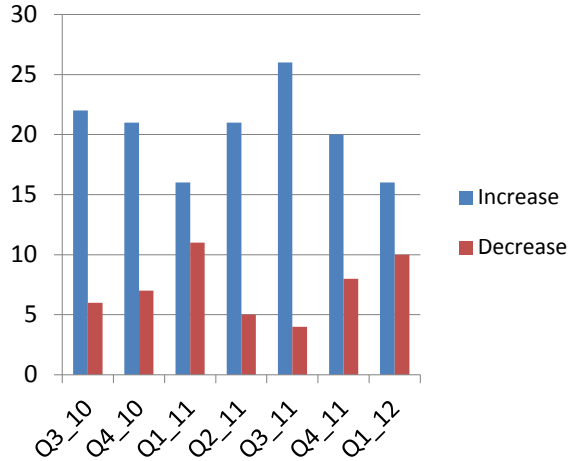
Graph 17. Net Employment Outlook, Netherlands, % (seas.adj.)



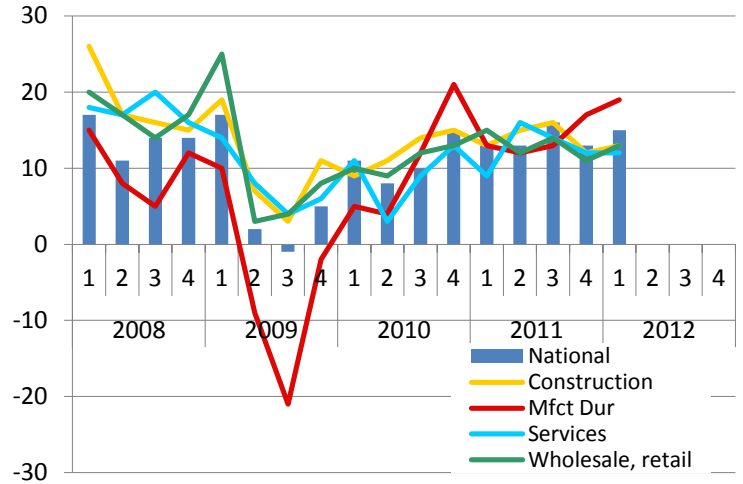
Source: Manpower Employment Outlook Survey

8. Canada (graphs only)

Graph 18. Canada employers' staffing plans, nat'l total %

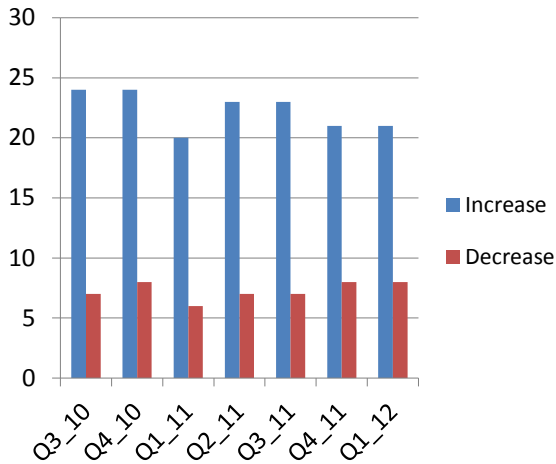


Graph 19. Net Employment Outlook, Canada, % (seas.adj)

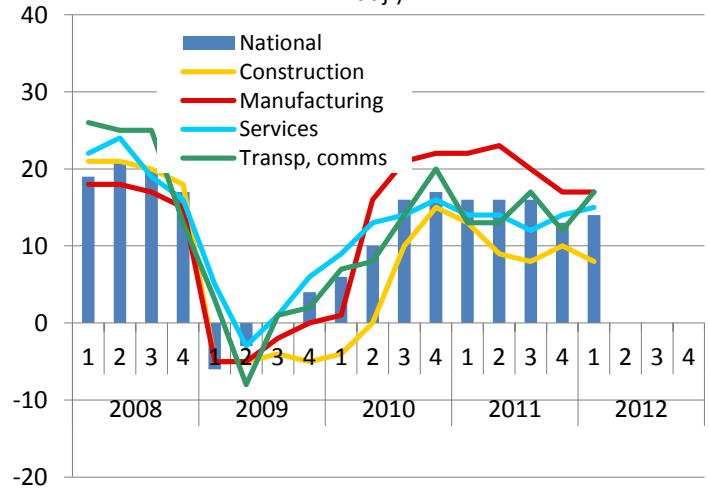


9. Mexico (graphs only)

Graph 20. Mexico employers' staffing plans, nat'l total %

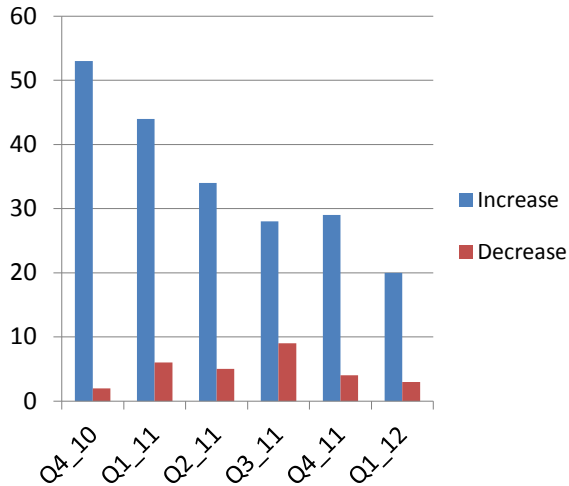


Graph 21. Employment Outlook, Mexico, % (seas. adj.)

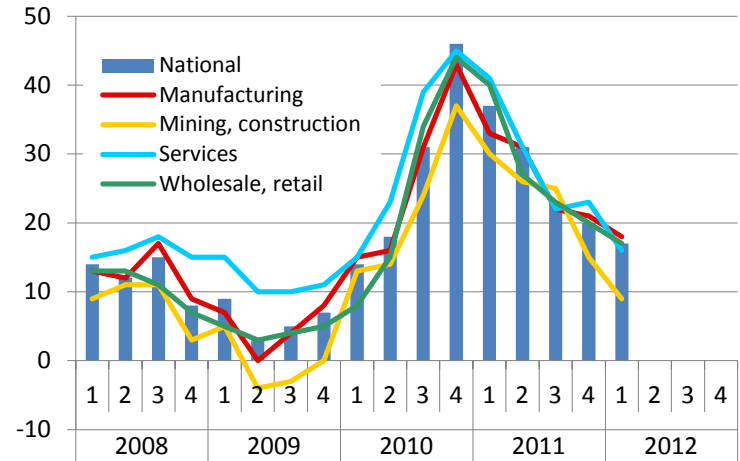


11. China (graphs only)

Graph 22. Chinese employers' staffing plans, nat'l total, %

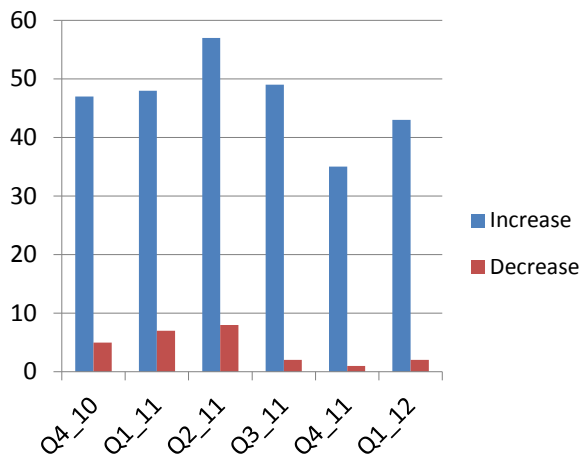


Graph 23. Net Employment Outlook, China, % (seas. adj.)

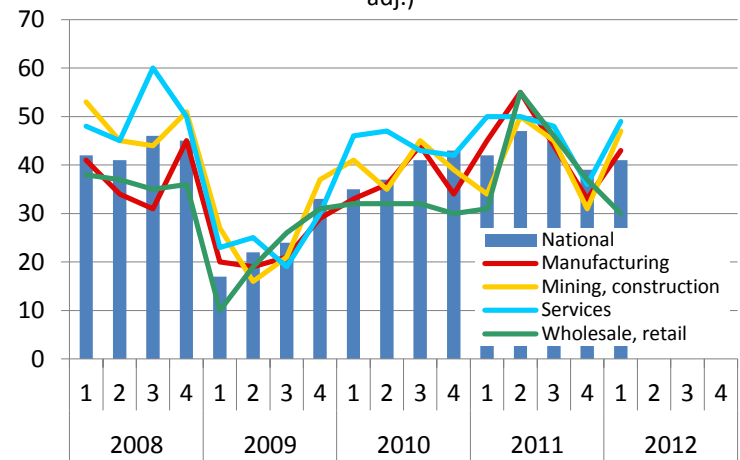


12. India (graphs only)

Graph 24. Indian employers' staffing plans, nat'l total, %



Graph 25. Net Employment Outlook, India, % (seas. adj.)



Source: Manpower Employment Outlook Survey