



INTERNATIONAL JOBS REPORT **IJR**

June 2017

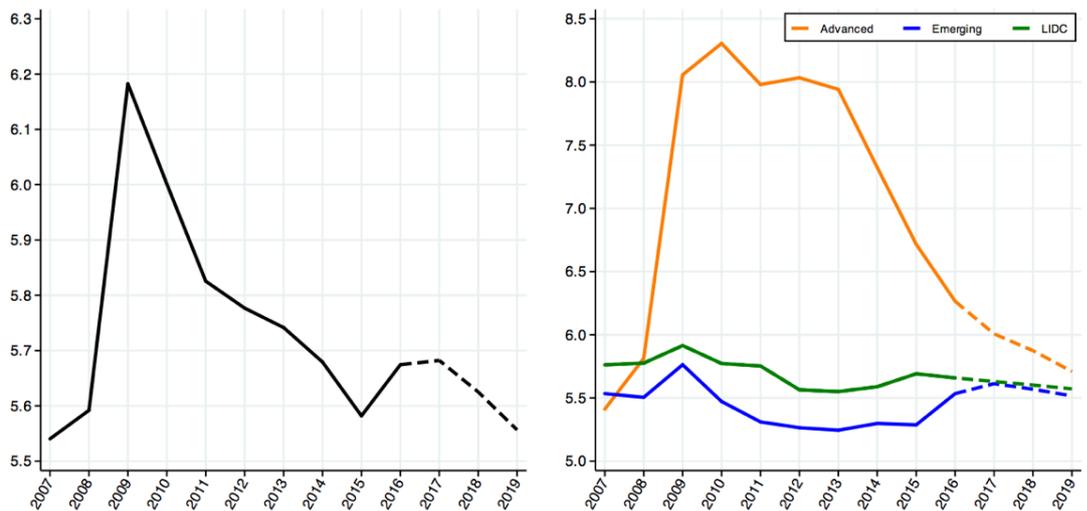
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Summary

The global unemployment rate is expected to remain stable this year at about 5.7 percent and then decline in the coming years. The total number of people unemployed around the globe will remain at about 175 million this year. Unemployment rates are expected to decline in most advanced economies, but expected to be higher this year (compared to last year) in many emerging markets. Venezuela's unemployment rate is expected to increase by 4 percentage points between 2016 and 2017, with smaller increases expected in Algeria, Brazil, South Africa and Turkey.

This semi-annual report shows how the global unemployment picture is shaping up, drawing in large part on forecasts released in the IMF's April 2017 World Economic Outlook (WEO).

Figure 1. Global Unemployment Rate



Sources: International Monetary Fund; International Labor Organization; national governments.

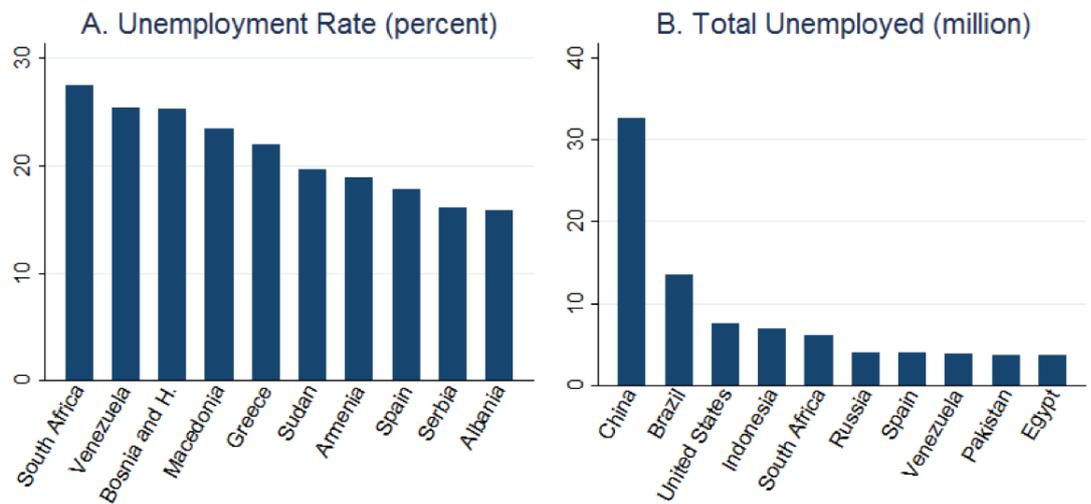
Last year, the global unemployment rate inched up as declines in unemployment in advanced economies were outweighed by sharp increases in unemployment in many emerging markets, particularly in the Latin America and Caribbean region and among fuel-exporting countries. This year, the global unemployment rate is expected to remain roughly unchanged this year at about 5.7 percent, as unemployment rates in advanced economies continue to decline and the situation in some emerging markets improves (Figure 1).



Our estimate of the global unemployment rate is based on data for 116 countries, of which 37 countries are classified as ‘advanced’ (i.e. high-income) countries, 60 as classified as ‘emerging market’ and 19 are classified as ‘low-income developing countries (LIDC)’. (See Table A at the back of the report for the list of countries.)

The left panel of Figure 2 shows the ten countries with the highest unemployment rates expected in 2017. South Africa and Venezuela are at the top, with European countries making up most of the rest of the list. In terms of number of people unemployed, the total number will remain at about 175 million. The right panel of Figure 2 shows the major countries that account for the bulk of people unemployed.

Figure 2. Unemployment Rate and Total Unemployed



Source: International Monetary Fund.

Figure 4 shows the breakdown of countries into those where unemployment is expected to increase between 2016 and 2017 (Figure 4(a)) and those where it is expected to decline (Figure 4(b)). The biggest increase is in Venezuela, where the unemployment rate is expected to increase by 4 percentage points. Several other major emerging markets—such as Brazil, Turkey and South Africa—are also expected to see increases in unemployment.



Figure 4(a). Forecasted increase in unemployment rate (%) between 2016 and 2017

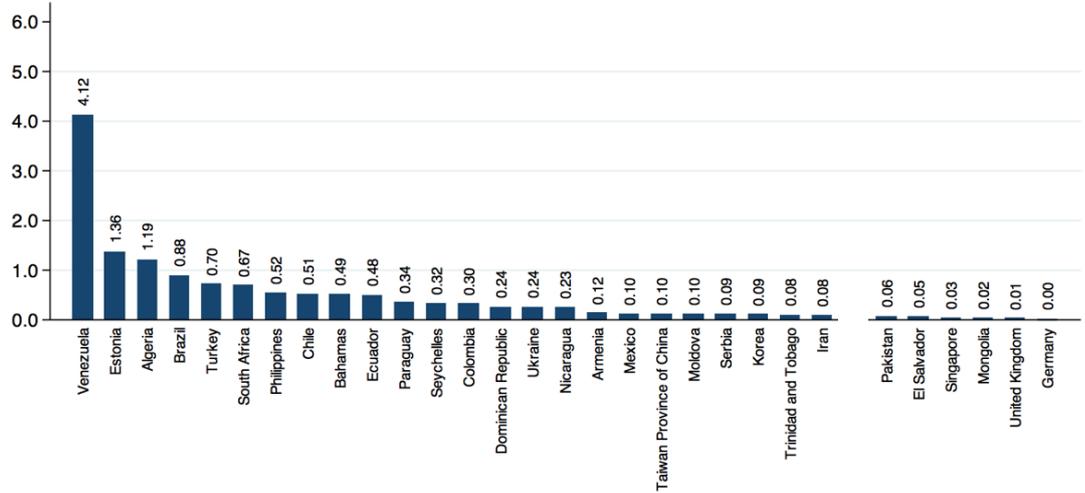
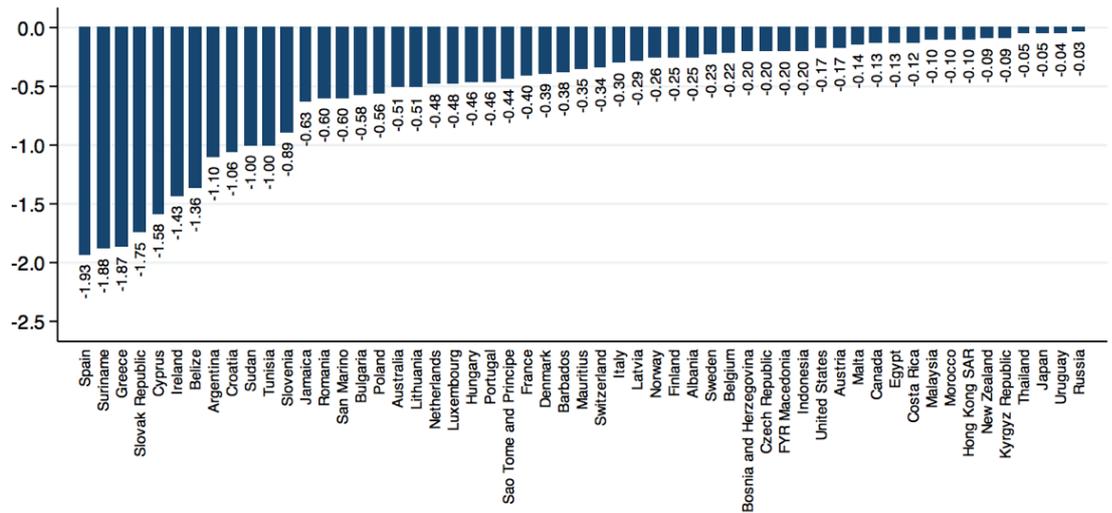


Figure 3(b). Forecasted decrease in unemployment rate (%) between 2016 and 2017

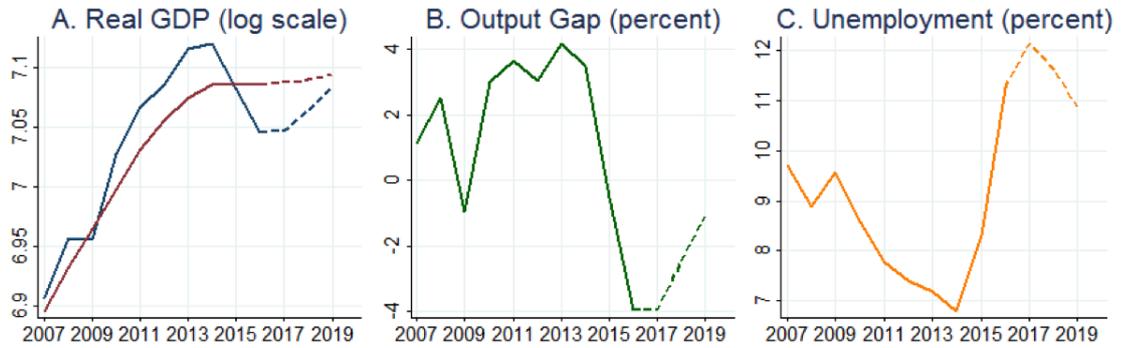


Source: International Monetary Fund.

We conclude with a look at the evolution of output and unemployment in a couple of key emerging markets and in advanced economies. For Brazil, panel (a) of Figure 5 shows the evolution of real GDP (the blue line) compared to its trend (the red line). The output gap—the percent deviation of real GDP from its trend—is shown in panel (b). After a sharp contraction in real GDP between 2014 and 2016, the situation is expected to improve in coming years. As the output gap closes, unemployment is expected to decline to 11 percent by 2019 (panel (c)), which will still be twice the 5.5 percent unemployment rate in 2013.



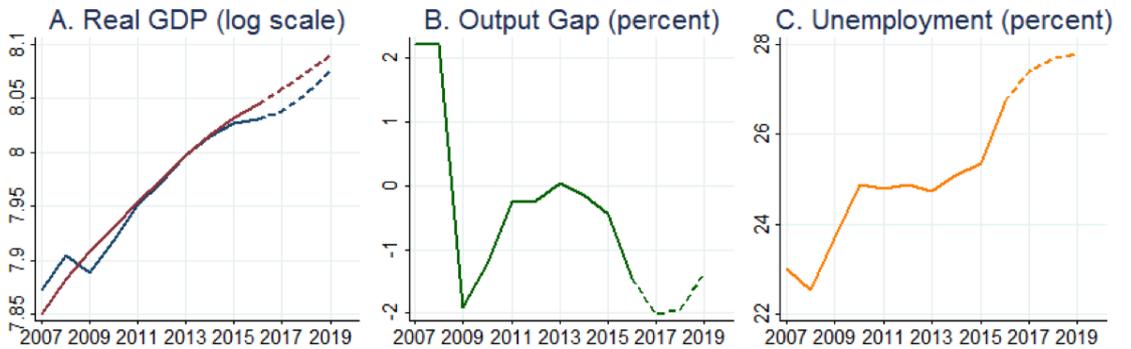
Figure 5. Brazil: Evolution of GDP and Unemployment



Source: International Monetary Fund.

In the case of South Africa too, a similar set of charts indicates some reduction in the output gap by 2019 could slow the pace of increase of the unemployment rate, but it is forecast to be nearly 28 percent in 2019 (Figure 6).

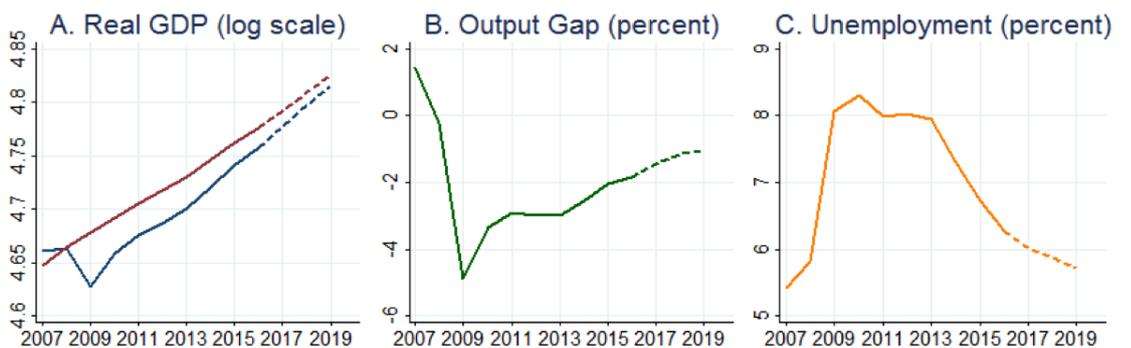
Figure 6. South Africa: Evolution of GDP and Unemployment



Sources: International Monetary Fund.

The unemployment situation in advanced economies is expected to continue to improve. As shown in Figure 7, as real GDP moves back toward its trend, unemployment is expected to decline by 2019 to about 5.7 percent, only a little bit above its pre-Great Recession level.

Figure 7. Advanced Economies: Evolution of GDP and Unemployment



Sources: International Monetary Fund.


Table A. Country List and Income Groups

Advanced		Emerging			LIDCs
Australia	Lithuania	Albania	Dominican Rep.	Panama	Bangladesh
Austria	Luxembourg	Algeria	Ecuador	Paraguay	Bolivia
Belgium	Malta	Argentina	Egypt	Peru	Congo, D.
Canada	Netherlands	Armenia	El Salvador	Philippines	Ethiopia
Cyprus	New Zealand	Azerbaijan	Fiji	Poland	Honduras
Czech	Norway	Bahamas	Hungary	Romania	Kenya
Denmark	Portugal	Bahrain	India	Russia	Kyrgyzstan
Estonia	San Marino	Barbados	Indonesia	Saudi Arabia	Moldova
Finland	Singapore	Belarus	Iran	Serbia	Mongolia
France	Slovakia	Belize	Iraq	Seychelles	Myanmar
Germany	Slovenia	Bosnia and H.	Jamaica	South Africa	Nepal
Greece	Spain	Brazil	Jordan	Sri Lanka	Nicaragua
HK (SAR)	Sweden	Brunei	Kazakhstan	Suriname	Nigeria
Iceland	Switzerland	Bulgaria	Kuwait	Thailand	Sao Tome and P.
Ireland	Taiwan POC	Cabo Verde	Macedonia	Trinidad and T.	Sudan
Italy	UK	Chile	Malaysia	Tunisia	Tanzania
Japan	USA	China	Mauritius	Turkey	Uganda
Korea		Colombia	Mexico	Ukraine	Uzbekistan
Latvia		Costa Rica	Morocco	Uruguay	Vietnam
		Croatia	Pakistan	Venezuela	

Source: International Monetary Fund.

This report was drafted by Prakash Loungani (OCP Policy Center Senior Fellow) and Zidong An (American University). Guidance from Karim El Aynaoui and colleagues at the OCP Policy Center is gratefully acknowledged. The views and analysis are those of the authors and must not be attributed to the IMF or any other official source.