



# INTERNATIONAL JOBS REPORT

# IJR

May 2016

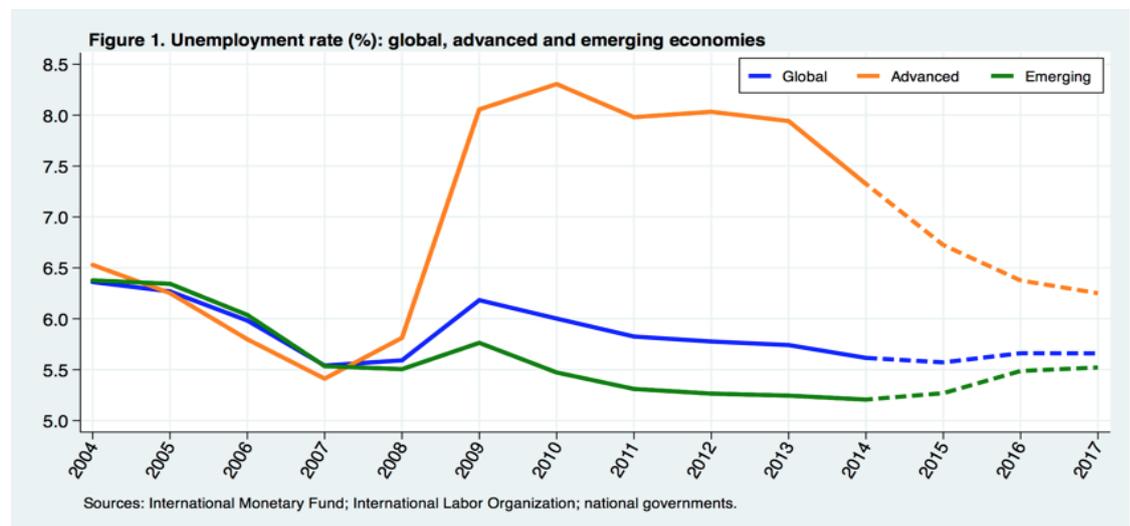
IJR- 16/02

## Summary

According to forecasts released in the IMF's April 2016 World Economic Outlook, unemployment rates are expected to increase this year in the Latin America and Caribbean region and among commodity-exporting economies.

This report shows how the global unemployment picture is shaping up, drawing on forecasts released in the IMF's April 2016 publication—the World Economic Outlook (WEO).

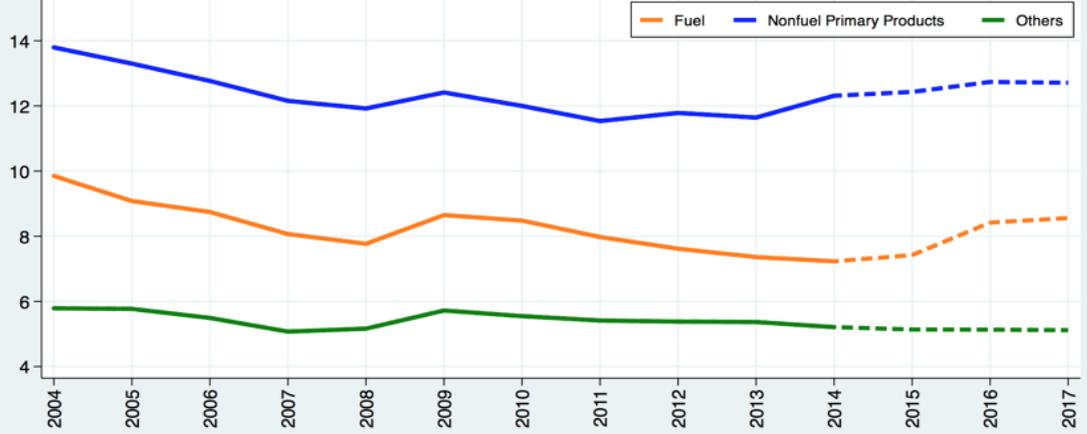
Figure 1 provides a measure of the global unemployment rate based on data for 116 countries, of which 37 countries are classified as 'advanced' (a term used in the WEO classification to refer to high-income countries) and the remaining 79 are emerging and developing economies (for brevity, we refer to the group as 'emerging economies').



The unemployment rate in emerging economies is expected to increase over the course of this year, while the rate for advanced economies is expected to decline. Much of the increase in unemployment among emerging economies is expected to occur in countries where fuel exports are a big share of export earnings. As shown in Figure 2, the unemployment rate in this group is expected to increase to 8.4 percent this year, a full percentage point above last year's estimate.



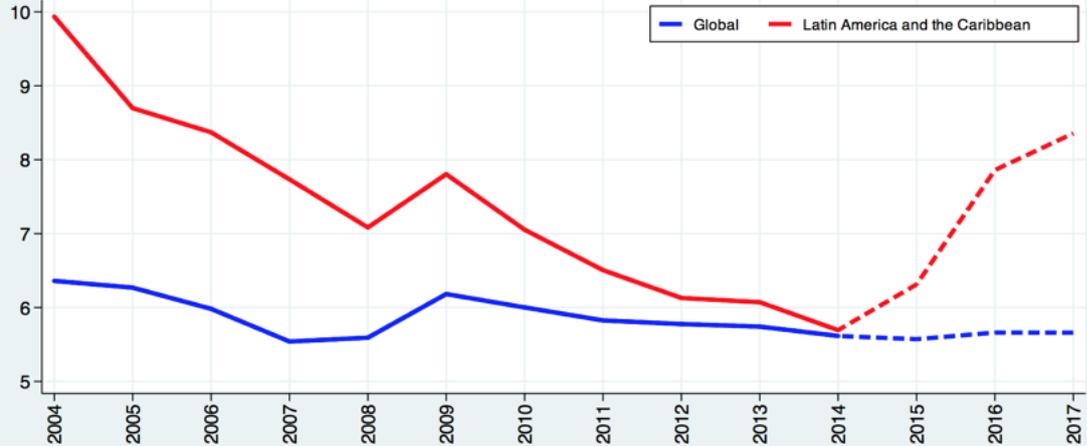
Figure 2. Unemployment rates (%) by source of export earnings



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

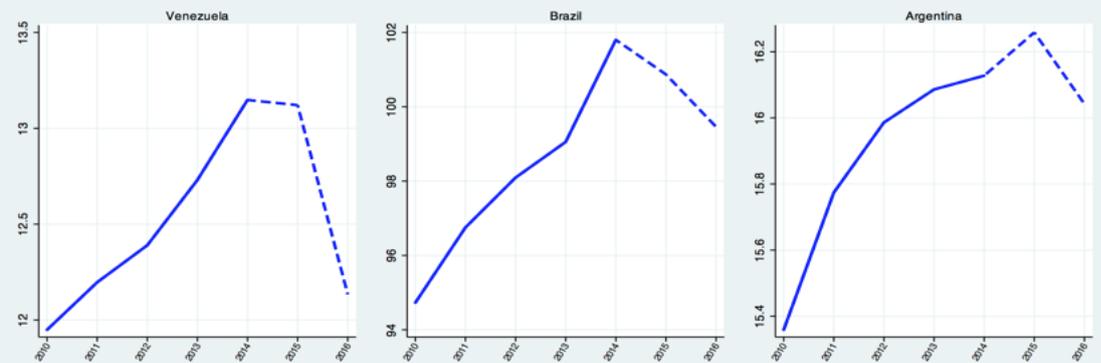
Looking across regions, a sharp increase in the unemployment rate is expected for the Latin America and Caribbean region (Figure 3). In 2016, unemployment in the region is expected to be nearly 8 percent, over two percentage points higher than it was two years ago.

Figure 3. Unemployment rate (%): global and Latin America and the Caribbean



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

Figure 4. Total employment (millions): Venezuela, Brazil, and Argentina

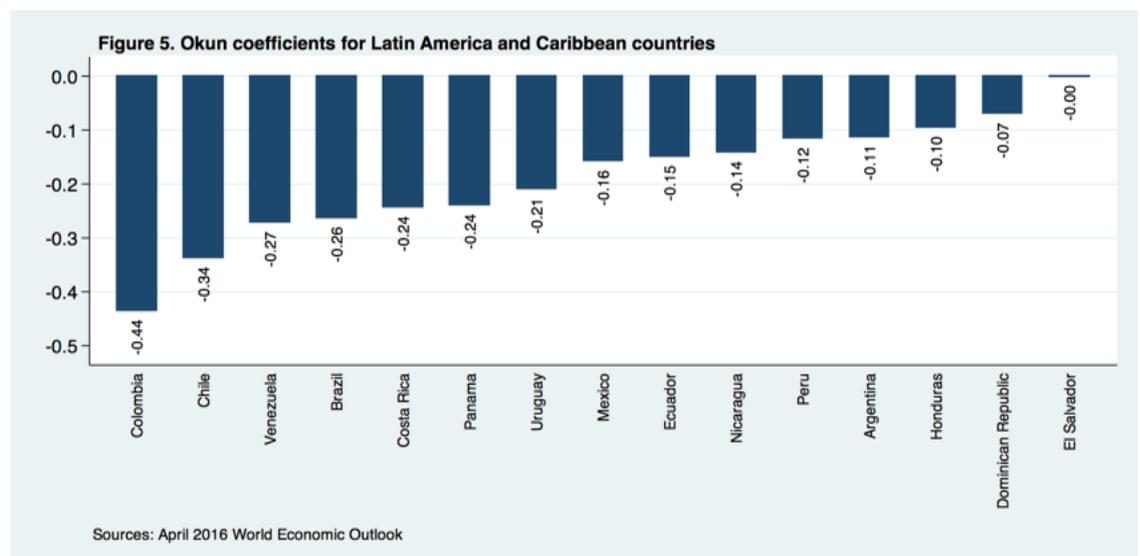


Sources: April 2016 World Economic Outlook



This sharp rise is driven by recessions in large economies in the region, such as Brazil. Elsewhere, many economies are growing modestly, thus limiting the labor market deterioration (see the IMF's Regional Economic Outlook). These increases in the unemployment rate imply job losses for thousands of people across the region. The declines in employment for the cases of Venezuela, Brazil and Argentina are shown in Figure 4. In Brazil, the job loss between 2014 and 2016 is expected at about 2 million people.

The extent to which growth and jobs are linked varies considerably across countries in the region. Figure 5 shows the so-called Okun coefficient for countries in the region: this is the estimated historical relationship between unemployment and GDP growth. For the three countries with the largest increases in unemployment rates—Argentina, Brazil and Venezuela—the link is reasonably strong by the standards of emerging economies. In Brazil and Venezuela, a one percentage point increase in growth lowers the unemployment rate by 0.2 percentage points; in Argentina the impact is about half as strong.

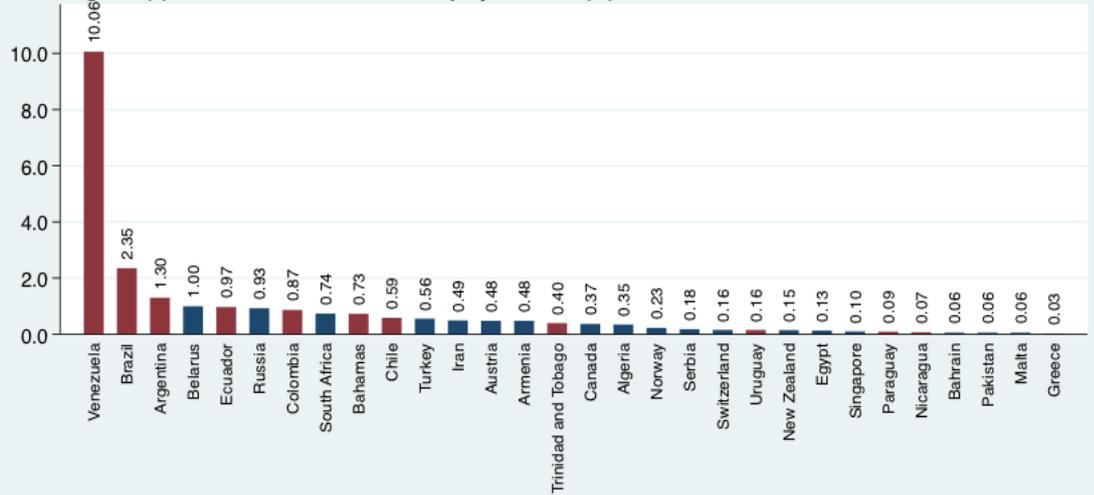


For more analysis of the employment situation in Latin America, see the IMF's April 2016 Regional Economic Outlook for Latin America and the Caribbean and the Inter-American Development Bank's 2016 report on the region (particularly Chapter 6).

Figure 6 shows the projected changes in unemployment this year according to forecasts reported in the IMF's April 2016 World Economic Outlook. Some of the biggest increases in the unemployment rate are projected to occur in the Latin America and Caribbean region (shown in red in Figure 6(a)).



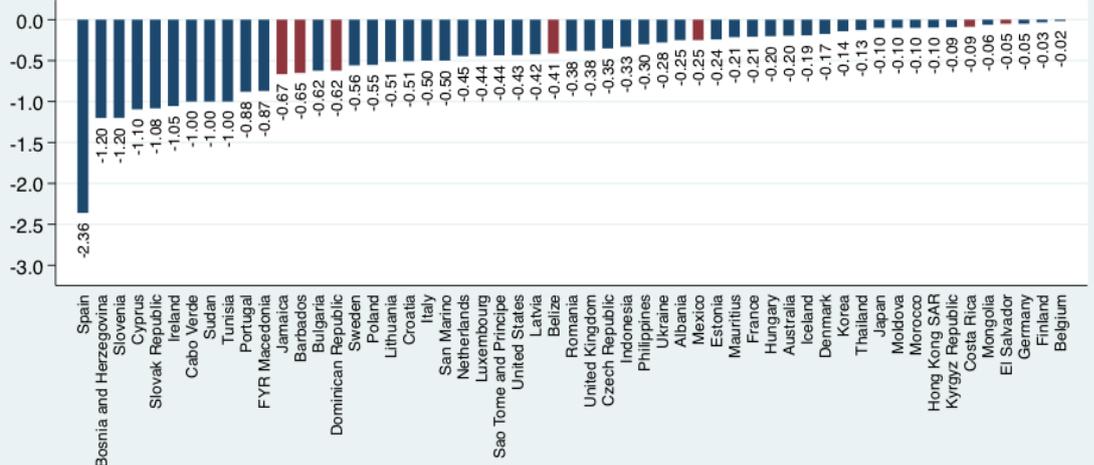
Figure 6(a). Forecasted increase in unemployment rate (%) between 2015 and 2016



Sources: April 2016 World Economic Outlook

The biggest declines in the unemployment rate are expected to occur in some European countries, such as Spain, Cyprus, Ireland and Portugal (Figure 6(b)).

Figure 6(b). Forecasted decrease in unemployment rate (%) between 2015 and 2016



Sources: April 2016 World Economic Outlook

This report was drafted by Prakash Loungani (OCP Policy Center Senior Fellow) and Zidong An (American University), with assistance from Saurabh Mishra (University of Maryland). 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.