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Market Comment

➢ **Industry is challenged**: The private employment agency sector faced a challenging year in 2023, marked by a noticeable decline in activity in many global markets. The first quarter of 2024 broadly continued the 2023 trend. This downward trend reflects broader economic pressures and shifting labour market dynamics.

➢ **Subdued economic situation**: The global economic situation remains subdued, with growth forecasts lower than desired. Persistent economic uncertainties and geopolitical tensions have dampened business investments and hiring activities.

➢ **Inflation above target**: Despite efforts to control inflation, it remains above the central banks’ targets. This continues to affect business costs and consumer spending, indirectly impacting the demand for temporary and contract employment services.

➢ **Low unemployment rates**: Unemployment rates remain relatively low across many countries. However, this statistic masks underlying issues such as underemployment and labour force participation rates.

➢ **Gradual reduction in job scarcity**: Job scarcity has gradually reduced, signalling a slow recovery in some parts of the labour market. Nonetheless, certain sectors still experience significant hiring challenges, particularly those requiring specialised skills.

➢ **Skills Mismatch**: A pronounced skills mismatch remains evident, with many industries struggling to find workers with the necessary qualifications. Addressing this mismatch is crucial for improving employment rates and fostering economic growth.

Investment in training and education is needed to bridge this gap and enhance workforce capabilities.
1 Agency Work Activity
Agency Work: Turnover

Monthly Dynamics (YoY % change)

Source: WEC members
Agency Work: Hours Worked

Monthly Dynamics (YoY % change)

Source: WEC members
Agency Work Activity in US, Europe, Japan & Chile
Quarterly Dynamics (YoY % change)

Source: WEC members via Macrobond
Agency Work: Online Job Postings

Number of postings & quarterly dynamics (YoY % change) - Q4 2023

- Global: 7.7, -3.4%
- Europe: 5.4, -3.3%
- North America: 1.3, -5.7%
- Asia: 0.4, -17.4%
- South America: 0.4
- Africa: 0.1, 13.2%
- Oceania: 0.1, -14.5%

Lightcast
### Real GDP dynamics Q4 2019 – Q4 2023

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In 2023, growth was robust in the United States, driven by strong household consumption and unexpectedly expansionary fiscal policy, and in many large emerging-market economies, but weakened in many other advanced economies, especially in Europe and in low-income countries as a group. A rising number of economies experienced a technical recession in 2023, with two or more consecutive quarterly output declines.

Output declined in 12 OECD economies over the year to the fourth quarter, including Germany and the United Kingdom, and stagnated in the euro area. This weakness in Europe reflects the lingering effects of the large energy price shock in 2022 and the slowdown in credit growth in economies with a relatively high dependence on bank-based financing. Growth was resilient in Japan in 2023, helped by still-accommodative monetary policy and a mildly expansionary fiscal stance, but slowed in the latter half of the year.

Amongst major emerging-market economies, (expenditure-based) GDP growth was buoyant in India, helped by strong public investment, and Indonesia, and surprised on the upside in Brazil, Mexico and Turkey, despite tighter financial conditions. Growth also strengthened in China in the first quarter of 2024, with policy stimulus measures helping to offset continued weakness in property markets. In contrast, outcomes have remained weaker in several vulnerable countries amidst restrictive financial conditions and growing signs of adverse effects from climate disruptions.

(Source: OECD via Macrobond)
Economic Performance Is Lacklustre

IMF Economic Outlook on the GDP Dynamics in 2023-2024 (YoY % change)
Inflation is Decreasing Across Board, except in Argentina, Turkey, Egypt

Inflation Rate - December 2023 or latest available (YoY % change)

Sample Averages (excl. AG, TR, EG):

March 24: 3.5%
March 23: 8.6%

Source: IMF via Macrobond
Sample average calculation: simple average across listed countries
Unemployment Rate Is Stabilising

Unemployment Forecast (YoY % change)

Employment growth has slowed, the number of vacancies has declined, and total hours worked have eased in some countries, but unemployment rates generally remain close to historical lows.

Source: IMF WEO via Macrobond
For India: Government of India Ministry of Statistics
Labour Market
Vacancy Rates Eased In Most Countries In 2023

Job vacancy rates (%)

Source: Eurostat; BLS; ONS; ABS; own calculations

Note: Job vacancy rates for the EU include "Industry, construction and services"

Note: vacancy rate = number of vacancies / (number of vacancies + number of occupied posts) * 100
Number of Unfilled Job Vacancies Decline as Economy Slows
Quarterly dynamics of GDP and Job Vacancies (YoY % change) – Q1 2019 till Q4 2023

UNITED STATES

UNITED KINGDOM

AUSTRALIA

GERMANY

AUSTRIA

SWITZERLAND

Source: OECD via Macrobond
Number of Unfilled Job Vacancies Decline as Economy Slows
Quarterly dynamics of GDP and Job Vacancies (YoY % change) – Q1 2019 till Q4 2023

Source: OECD via Macrobond
EU-27 Labour Shortages Are Cross-Sectoral
EU job vacancy rates continued easing into Q4 2023, except in Finance & Insurance; strongest in Admin & Support services

Note: vacancy rate = number of vacancies / (number of vacancies + number of occupied posts) * 100

Sources: Eurostat
Top Occupations Sought By Staffing Companies Online

Q4 2023, share of total online job postings globally

Top 10 Occupations In Demand By Staffing Firms Globally (% of all staffing firms’ online job postings) – Q1 2024

- Registered Nurse: 3.7%
- Warehouse Worker: 2.3%
- Accountant: 2.0%
- Office / Admin. Assistant: 2.0%
- Manuf. Machine Operator: 1.8%
- Software Dev-r / Engineer: 1.6%
- Sales Rep.: 1.6%
- Customer Service Rep.: 1.6%
- Production Worker: 1.4%
- Truck Driver: 1.4%

Highest-In-Demand Occupations by Geographical Region (share of all online job postings by staffing companies) – Q1 2024

- North America: 12.9%
- Africa: 5.4%
- South America: 5.3%
- Asia: 4.9%
- Oceania: 3.0%
- Europe: 2.6%

19
Top Hardest-to-Fill Occupations For Staffing Companies Online

Q4-2023, by difficulty to fill* via online job postings globally

Top 10 Occupations Sought By Staffing Companies By Difficulty-To-Fill – Q1 2024

<table>
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<th>Occupation</th>
<th>Difficulty-To-Fill</th>
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<td>Regulatory Affairs Manager</td>
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<td>Computer Scientist</td>
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<td>Physician</td>
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<td>Agile Coach</td>
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<td>Chief Fin. Officer</td>
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<td>Solar Sales Rep.</td>
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<td>Financial Quant. Analyst</td>
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<td>Physician Assistant</td>
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<td>Data Scientist</td>
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Most Difficult Professions To Fill By Geographical Region - Q1 2024

- Mechatronics Engineer: 44.7%
- Marketing Assistant/Associate: 37.2%
- Physician: 34.6%
- Biochemist: 34.0%
- Nurse Anesthetist: 31.1%
- Chief Financial Officer: 30.8%

*The Difficulty-To-Fill index (on a scale from 0 to 100%) is the average number of days it takes to fill a job vacancy that requires a given skill, weighted by the difference between the average salary for that job and the offered salary (a skill-enhanced “salary premium”).*
Enough People Look For Jobs – December 2023
Skills & expectations mismatch: more jobseekers than vacancies in many countries (except the US)

Sources: OECD, BLS (USA), ABS (AU); own calculations
Period: December 2023 or the latest available
How can the HR Services industry create more value?

The HR Services industry...

Supports the transition to new economies
- Reskilling to drive sustainable recovery
- Delivering diverse working models and career management to facilitate transitions
- Delivering adaptation to change

Drives social purpose and social innovation
- Boosting opportunities for under-represented groups
- Reviewing social protection mechanisms through innovative mechanisms
- Reducing informal work

Simplifies increasing labour market complexity
- Making sense of new technology for recruitment and workforce management
- Implementing new ways of working (e.g. hybrid work)
- Providing agile workforce solutions

Acts as a solution provider in terms of risk management
- Managing workforce-related risks (compliance, productivity, skills obsolescence, etc.)
- Mitigating the unemployment risk (job creation, transitions, career management)
- Managing a broader range of risks (health and safety, well-being, etc.)

Delivers responsible intermediations and makes jobs markets work
- Ensuring a high degree of compliance with labour laws and protecting the interests of workers and end users
- Delivering new forms of work under an organised and regulated framework
- Committing to constructive industrial relations resulting in positive outcomes for all parties
For more information contact:

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