

Labour Market Intelligence Insights

Q2 2026



WORLD
EMPLOYMENT
CONFEDERATION
The Voice of Labour Market Enablers



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Market Comment





Market Comment for Q2 2026



Economic Environment

Global growth shows increasing divergence amid rising external pressures, with geopolitical tensions driving higher energy prices and renewed inflationary pressures. While the United States and parts of Asia remain relatively resilient, growth has softened across Europe and several advanced economies, and global projections have been revised downward. Overall, the environment points to slower, more fragile growth with tightening financial conditions weighing on activity.



Labour Market

Labour markets are gradually rebalancing, with vacancy declines stabilising and early signs of recovery emerging, though unevenly across regions. The United States and parts of Northern and Southern Europe (e.g. Finland, Portugal, Switzerland) show improving labour demand, while Germany and Austria continue to lag, reflecting subdued hiring despite modest GDP growth.

Agency work indicators confirm a gradual but fragile recovery, with positive momentum in markets such as Spain and Denmark, contrasted by continued weakness in the Netherlands, Ireland, and parts of Western Europe.

Overall, labour demand remains below previous peaks and uneven across sectors, pointing to a lagged and incomplete transmission from economic stabilisation to hiring activity, rather than a broad-based rebound.



Business impact

Labour markets are rebalancing, rather than collapsing. The demand remains structurally strong but cyclically weaker. The role of the industry is shifting from transactional staffing to strategic workforce partner to its user companies.

Implication for staffing firms: Slower and uneven growth implies continued volatility in order books. This highlights the need for flexible cost structures and diversified sector exposure.

Business model impact: Lag between GDP and hiring confirms role of staffing firms as early-cycle indicators and risk absorbers.

Service evolution: Clients likely to prioritise short-term, contingent hiring over permanent placements in uncertain conditions.

Agency Work Activity

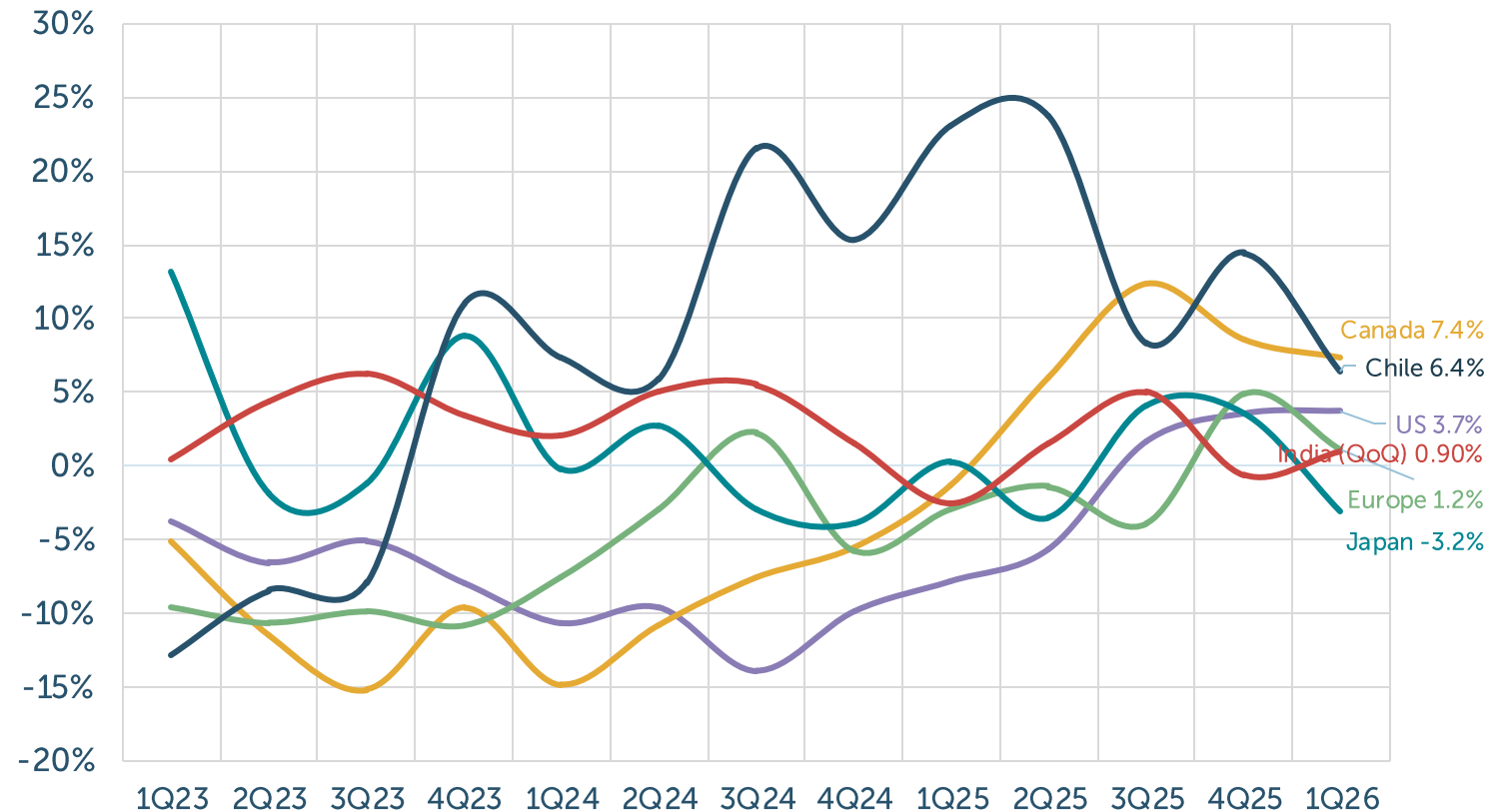




Agency Work Activity in US, Europe, Japan, India & Chile

- ⇒ **Implication for staffing firms**
diverging regional growth suggests portfolio rebalancing toward higher-growth markets (e.g. Americas, APAC)
- ⇒ **Business model impact**
increased importance of multi-country operating models and global clients
- ⇒ **Service evolution**
growth in emerging markets may require adaptation of service delivery models (less standardised, more localised)

Hours worked by agency workers quarterly dynamics (YoY % change)



Source: WEC members

Agency Work Activity is based on the dynamics of hours worked by agency workers in each period

NB: Data for India in Q4 2025 is not available

NB2: Inclusion of the quarterly data for the UK (a large European agency work market with high volatility in temporary agency hours worked) has a strong impact on the European total, making it go strongly positive in Q4 2025, which would otherwise be at around zero.



Agency Work Hours Worked in Europe

Number of hours worked by agency workers
Monthly dynamics (YoY % change) – Q1 2022 – Q1 2026

⇒ Implication for staffing firms

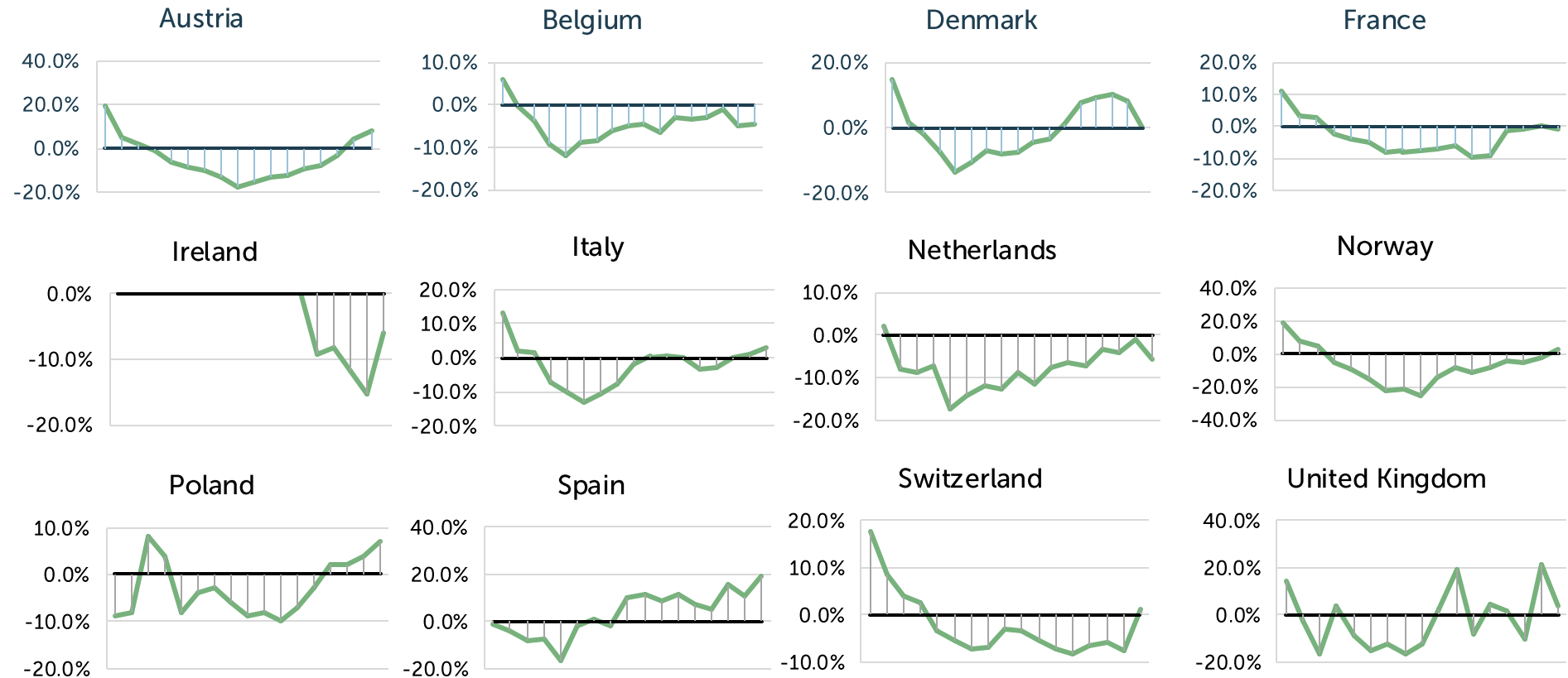
uneven recovery across countries requires selective market focus rather than broad-based expansion

⇒ Business model impact

markets with weak recovery (e.g. NL, IE) may drive margin pressure and consolidation

⇒ Service evolution

demand volatility reinforces need for MSP and workforce planning solutions, not just transactional staffing



Source: WEC Members



Agency Work Turnover in Europe

Turnover of private employment agencies
Monthly dynamics (YoY % change) – Q1 2022 – Q1 2026

⇒ Implication for staffing firms

Revenue recovery without volume stability suggests pricing and margin variability

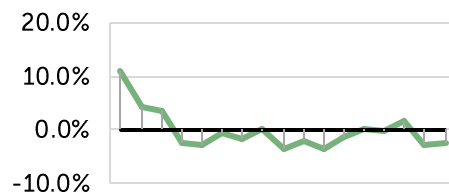
⇒ Business model impact

Firms may shift toward higher-value segments (specialised staffing, outsourcing)

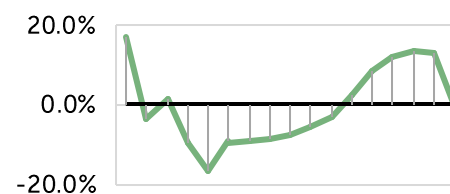
⇒ Service evolution

Increasing focus on value-added services (screening, upskilling, compliance)

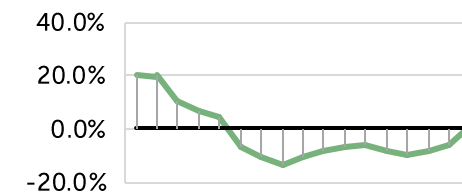
Belgium



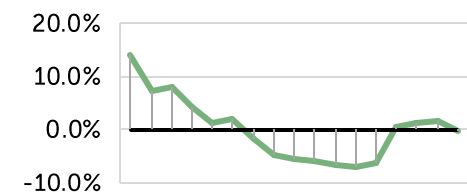
Denmark



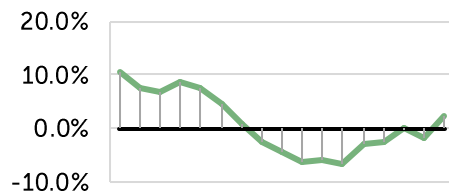
Finland



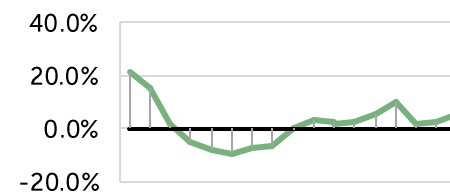
France



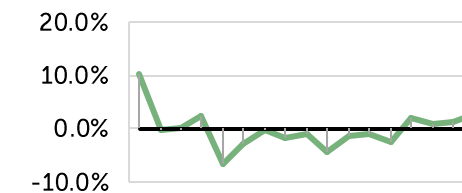
Germany



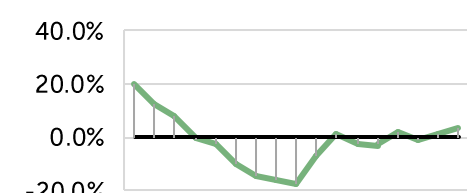
Italy



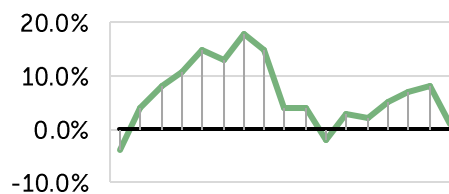
Netherlands



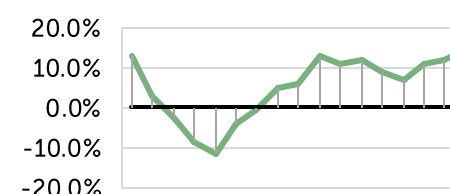
Norway



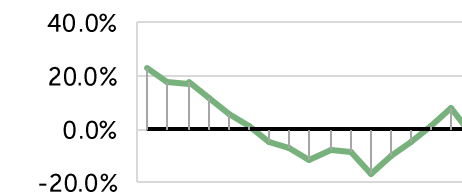
Poland



Spain



Sweden



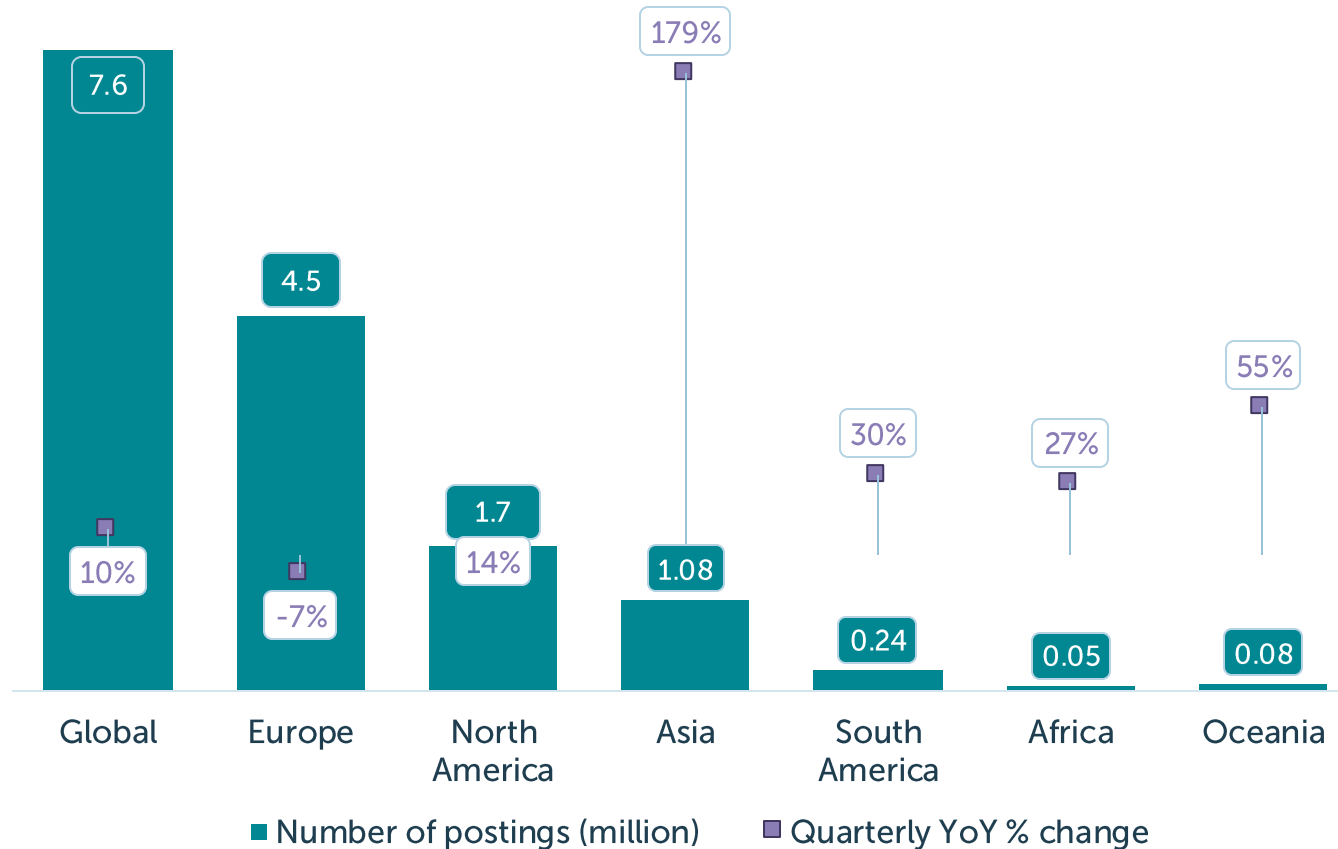
Source: WEC Members

NB: Finland tracks top 20 largest companies



Agency Work: Online Job Postings

Agency work online job postings by geographical region
Number of postings & quarterly dynamics – Q1 2026



Source: Lightcast, in-house calculations

The number of job online postings represents the number of individual (i.e., deduplicated) job postings made in the public online domain.

Trend overview

Strong growth observed in Asia is influenced by a combination of genuine market activity and ongoing improvements to data coverage in several APAC countries.

⇒ Implication for staffing firms

Strong demand growth in Asia positions region as strategic growth engine

⇒ Business model impact

Competitive pressure from digital-first and platform-based players intensifies in high-growth markets

⇒ Service evolution

Need to integrate digital sourcing, data-driven recruitment, and hybrid platform models

Economy





Evolution of GDP

Trend overview

The conflict in the Middle East has become the dominant force shaping the global economic outlook. Energy prices and the prices of other key agricultural and industrial inputs produced in the Persian Gulf economies have soared since February as production and exports have been curtailed.

This has been pushing up inflation, putting pressure on real incomes and economic growth.

OECD

⇒ Implication for staffing firms

Slowing growth in developed markets suggests lower demand elasticity for staffing services

⇒ Business model impact

Firms exposed to mature economies may need geographic diversification

⇒ Service evolution

Opportunity to position staffing as productivity-enhancing solution in low-growth environments

REGION	Country	ANNUAL			QUARTERLY	
		2023	2024	2025	4Q2025	1Q2026
NORTH AMERICA	Canada	2.0	2.0	1.7	0.7	-0.1
	Mexico	3.1	1.4	0.6	1.6	0.4
	United States	2.9	2.8	2.1	2.0	2.6
SOUTH AMERICA	Argentina	-1.9	-1.3	4.4	2.2	n/a
	Brazil	3.2	3.4	2.3	2.0	1.8
	Chile	0.5	2.6	2.3	1.5	0.2
ASIA	Australia	2.1	1.0	2.0	2.5	2.5
	India	7.2	7.1	7.6	7.8	8.0
	Indonesia	5.0	5.0	5.1	5.3	5.5
	Japan	0.7	-0.2	1.2	0.4	0.3
	New Zealand	2.2	-0.3	0.2	1.3	n/a
	South Korea	1.6	2.0	1.0	1.7	3.8
EUROPE	Austria	-0.8	-0.7	0.6	1.1	0.9
	Belgium	1.7	1.1	1.0	0.7	0.7
	Bulgaria	1.7	3.4	3.1	2.9	3.1
	Czech Republic	0.0	1.3	2.5	2.7	2.2
	Denmark	0.6	3.5	2.9	3.2	5.9
	Estonia	-2.7	-0.1	0.6	1.2	2.4
	Finland	-1.3	0.4	0.2	0.2	1.0
	France	1.6	1.1	0.9	1.1	0.9
	Germany	-0.9	-0.5	0.2	0.4	0.3
	Greece	2.1	2.1	2.1	2.3	2.0
	Ireland	-2.5	2.6	12.3	2.9	-16.8
	Italy	0.9	0.8	0.5	0.9	0.8
	Latvia	-0.9	0.0	2.1	2.6	2.5
	Lithuania	0.8	3.0	2.9	3.3	2.6
	Luxembourg	0.1	0.4	0.6	2.1	1.6
	Netherlands	-0.6	1.1	1.9	1.6	1.3
	Poland	0.2	3.0	3.6	3.7	3.5
	Portugal	3.1	2.2	1.9	1.9	2.3
	Romania	2.3	0.9	0.7	-1.4	-1.1
	Spain	2.5	3.5	2.8	2.6	2.7
AFRICA	Sweden	-0.2	1.0	1.5	1.9	2.2
	Norway	0.4	1.4	1.1	2.0	2.0
	Switzerland	0.9	1.4	1.3	0.7	0.6
	Turkey	5.0	3.3	3.6	3.5	2.8
	United Kingdom	0.3	1.1	1.3	1.0	1.1
	Egypt	3.8	2.4	4.4	5.3	
	South Africa	0.8	0.5	1.1	1.5	2.0

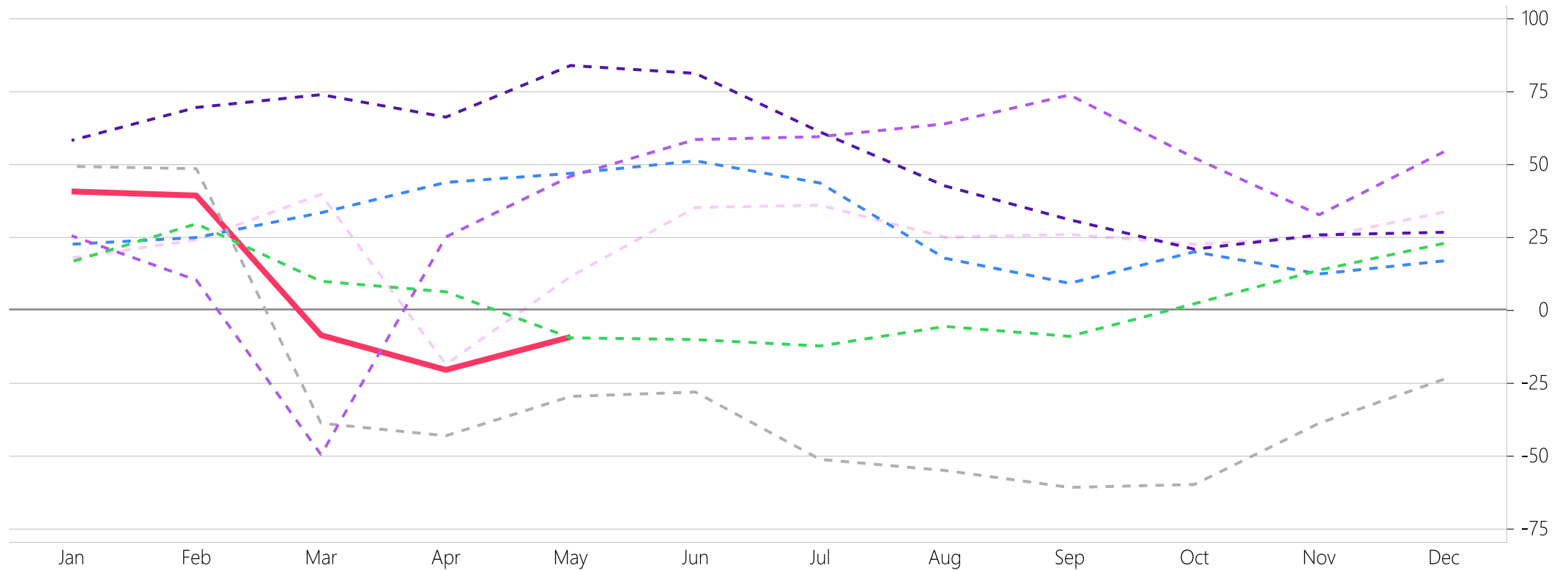


Euro area economic sentiment

Euro Area: ZEW Current Economic Situation Survey Annual Trends Since 2020

Euro Area Economic Sentiment Remained Negative As Of May

--- 2020 --- 2021 --- 2022 --- 2023 --- 2024 --- 2025 --- 2026



Source: ZEW (Centre for European Economic Research)

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Manufacturing PMI

How to read this chart

This chart presents the Purchasing Managers' Indices (PMIs) for the past three years, with green boxes indicating expansion and red boxes indicating contraction.

The central banks' interest rate hikes (aimed at combating inflation) can cause spill-over effects, including both immediate financial adjustments and longer-term impact on economic sectors.

Increased borrowing costs and tightened financial conditions typically slow down business activities, reduce consumer spending, and strain corporate profitability. This highlights the importance of striking a balance between inflation control and potential negative consequences for economic growth and stability.

⇒ Implication for staffing firms

Weak manufacturing outlook signals continued softness in industrial staffing

⇒ Business model impact

Exposure to cyclical sectors remains a risk to revenue stability

⇒ Service evolution

Shift toward higher-growth sectors (services, healthcare, tech)

World Manufacturing PMI Heatmap

Recent 3 years: from Jun-23 to May-26 (left to right); green: PMI > 50, red: PMI < 50

World

Developed Markets
Emerging Markets

Americas

United States
Canada
Brazil
Mexico

Europe

EU
Euro Area
Austria
France
Germany
Greece
Ireland
Italy
Netherlands
Poland
Spain
Switzerland
United Kingdom

Asia & Pacific

ASEAN
Australia
China
India
Indonesia
Japan
New Zealand
Russia
South Korea
Thailand
Turkey

Source: S&P Global, as of 15-Jun-26

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Global GDP Growth Revised Downward

Projection overview

Global GDP growth projections have been revised down from 3.4% to 2.6% in 2026.

The duration and extent of the conflict remain uncertain, but the economic effects are likely to be felt for some time given the months it will take to restore damaged infrastructure and transport routes and deliver products around the world.

Growth is set to slow modestly in North America and Europe before a tentative recovery.

OECD

⇒ **Implication for staffing firms**
Lower growth environment reinforces demand for flexible workforce solutions

⇒ **Business model impact**
Clients likely to delay permanent hiring decisions

⇒ **Service evolution**
Increased relevance of workforce optimisation and cost-efficiency services

GDP growth projections
(YoY % change)



Source: IMF



Inflation Reflects Higher Energy Prices

Projection overview

Higher energy prices, supply shortages, tighter financial conditions and weaker confidence would weigh on activity worldwide. Inflation would also intensify, rising by around 0.4 percentage points in 2026 and 1.3 percentage points in 2027 – creating difficult trade-offs for policymakers, especially central banks.

Inflation has been revised up to 4% for G20 countries.

⇒ Implication for staffing firms

Wage pressure may squeeze margins unless cost pass-through mechanisms are strong

⇒ Business model impact

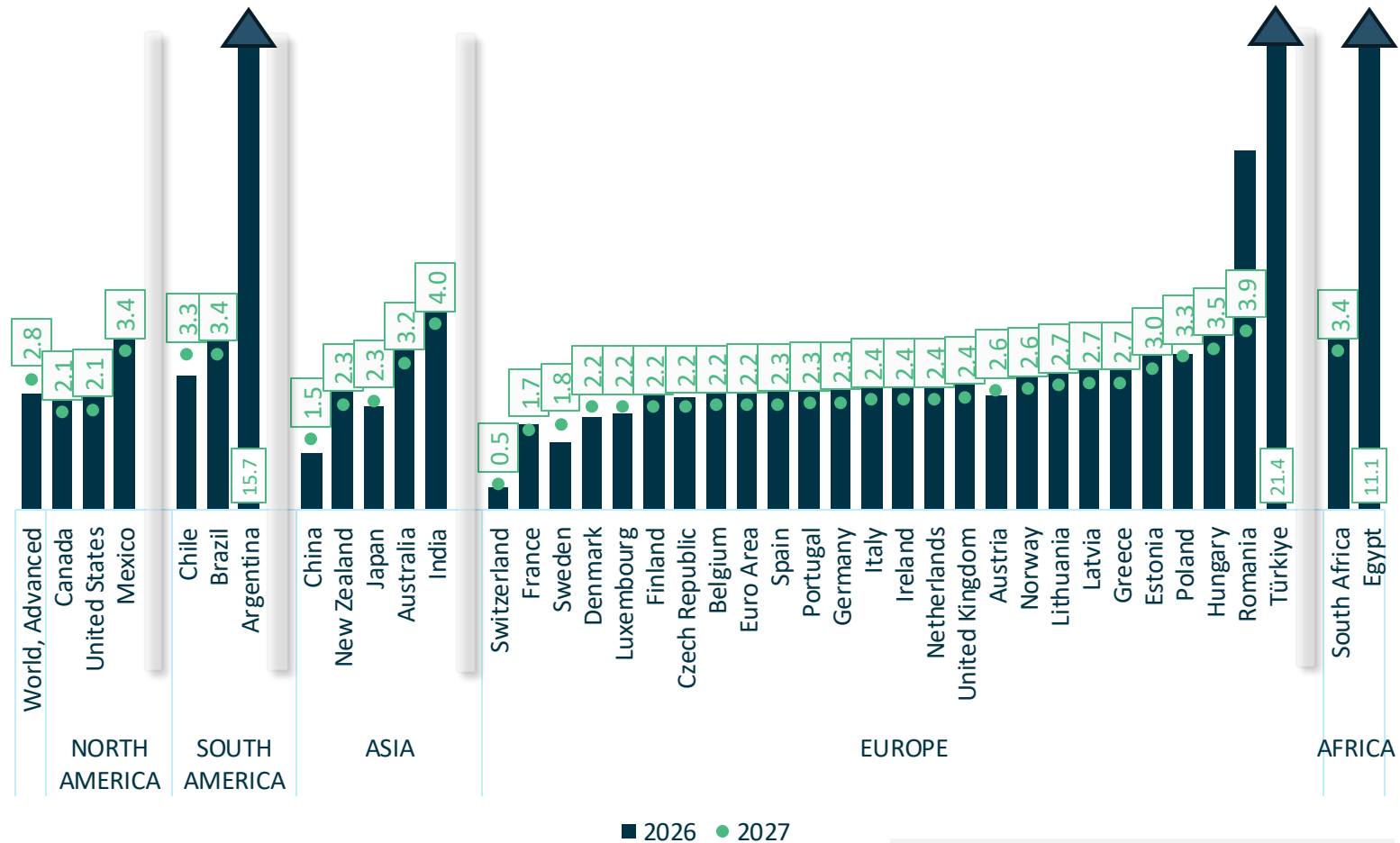
Need for dynamic pricing models

⇒ Service evolution

Growing importance of payrolling and compliance services

OECD

Inflation rate projections
(YoY % change)



■ 2026 ● 2027

Source: IMF

Sample average calculation: simple average across listed countries

Sample averages (excl. AG, TR, EG):
2026: 3.0%
2027: 2.5%



Unemployment Responds To Weaker Demand

Projection overview

OECD observes a controlled easing of labour market tightness. As external shocks weigh on growth, firms reduce hiring rather than employment, leading to a gradual and limited increase in unemployment. However, cross-country divergence persists, with structurally tight labour markets coexisting alongside more fragile ones.

Strategically: the labour market is not in a downturn, but in a rebalancing phase. Structural factors (skills shortages, ageing, participation) continue to anchor labour demand.

OECD

⇒ Implication for staffing firms

Rising unemployment with persistent shortages highlights skills mismatch

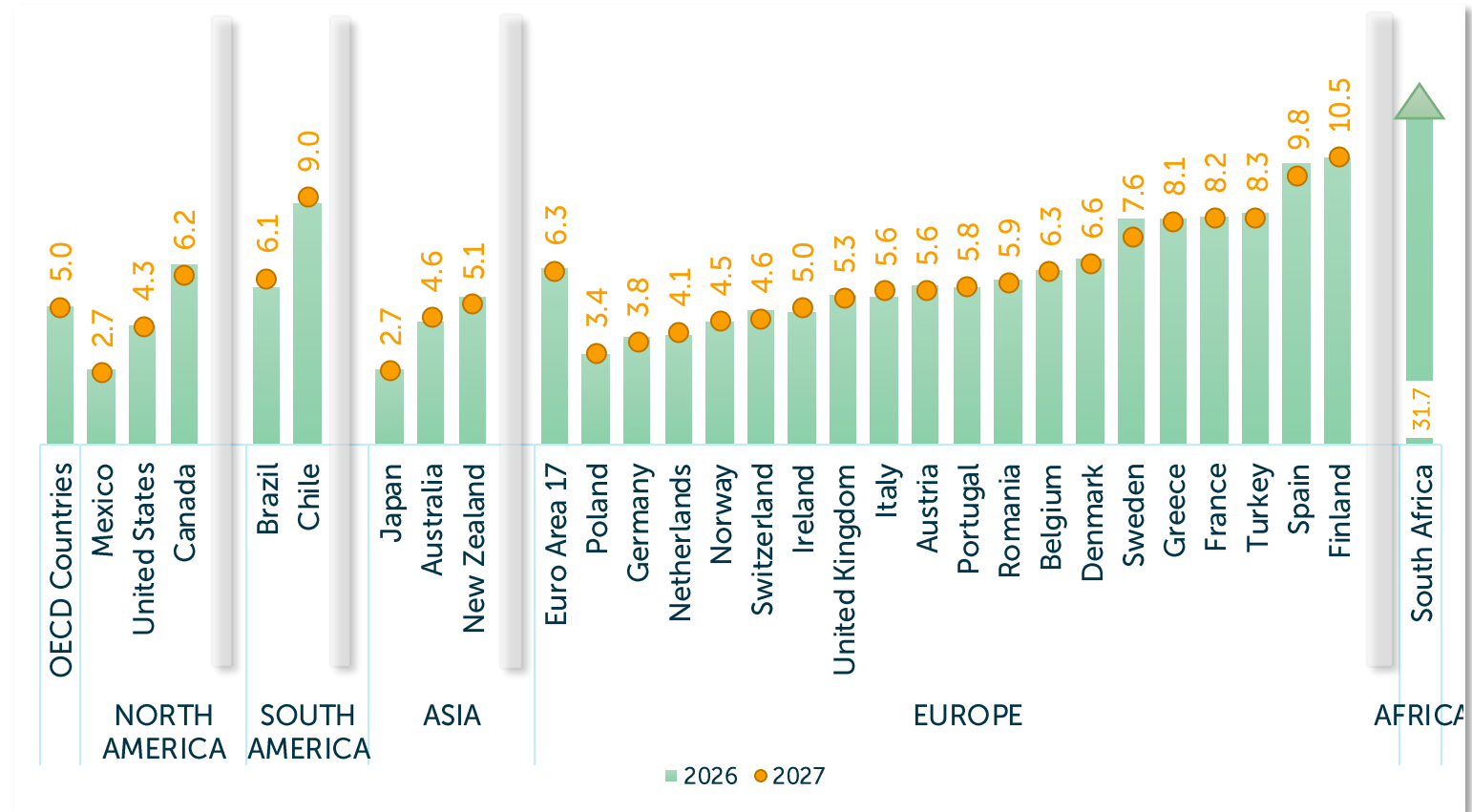
⇒ Business model impact

Opportunity to position as labour market intermediaries, not just suppliers

⇒ Service evolution

Expansion into training, reskilling, and career transition services

Unemployment rate projections
(YoY % change)



Source: IMF Economic Outlook

Labour Market





Job Vacancy Rates

Trend overview

Most markets registered a reduction in job vacancy rates in Q4 2025, pointing to fewer unfilled job vacancies.

Some European markets still experience a very tight labour market, including the Netherlands (3.9%), Belgium (3.5%) and Austria (2.8%).

Such markets as the US and the UK are at around 1% level, i.e. at a lower equilibrium.

⇒ Implication for staffing firms

Declining vacancy rates signal softening demand but still structurally tight labour markets

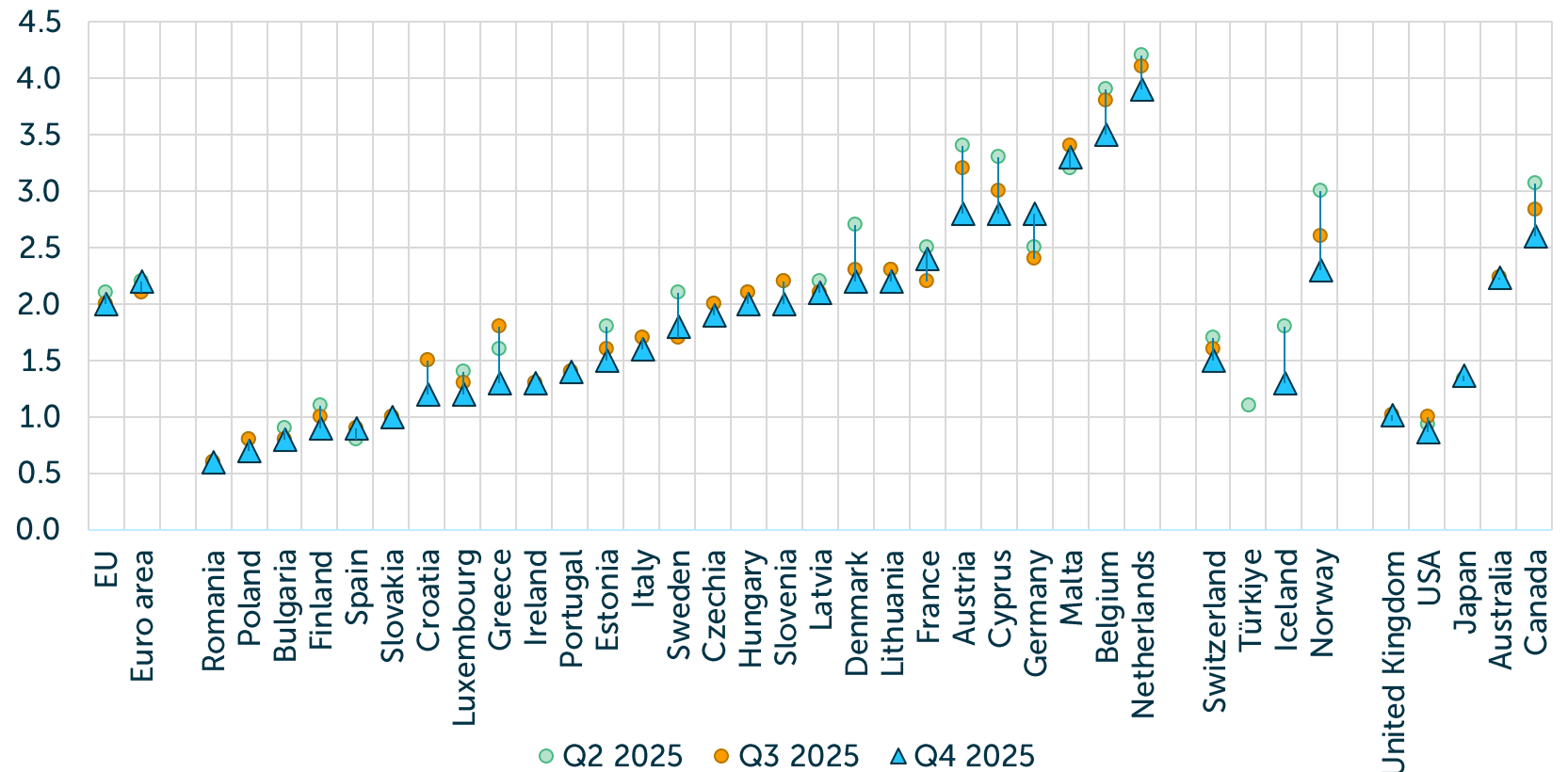
⇒ Business model impact

Continued need for efficient matching capabilities

⇒ Service evolution

Increased demand for candidate sourcing and skills matching solutions

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



Unfilled Job Vacancies

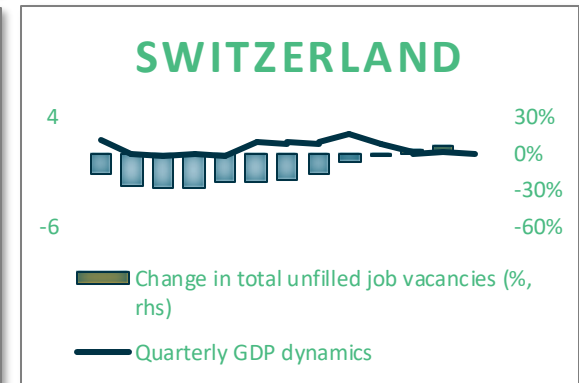
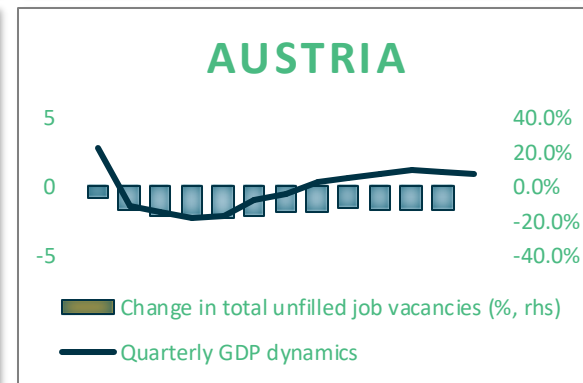
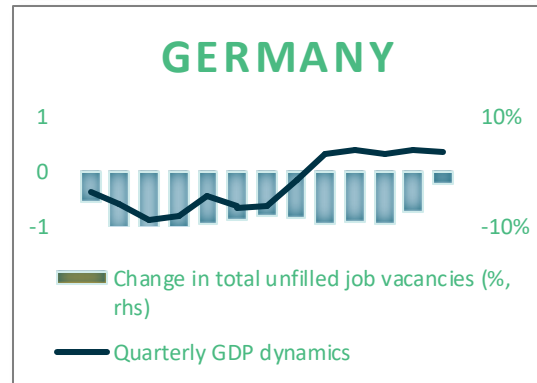
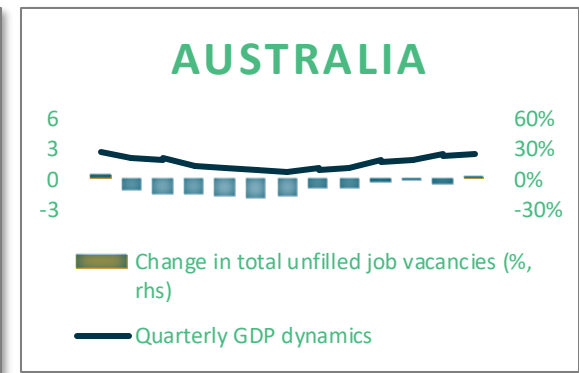
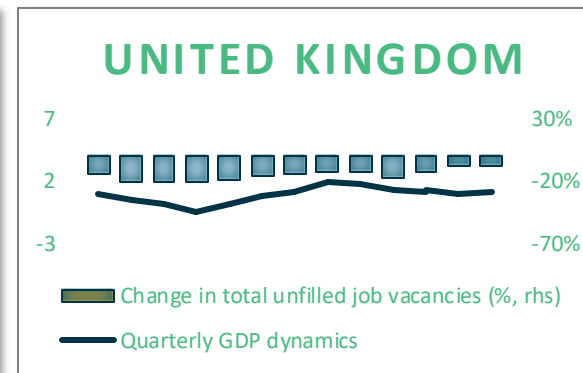
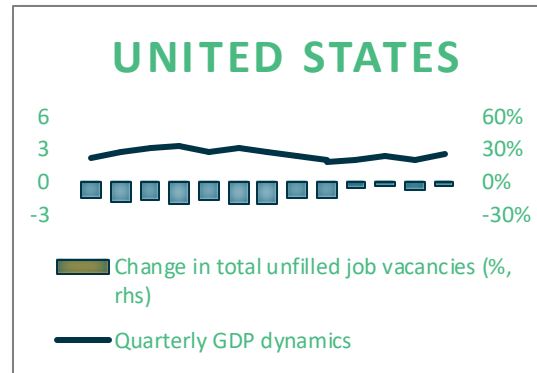
Quarterly dynamics of GDP and unfilled job vacancies
(YoY % change and % respectively) – Q1 2023 to Q1 2026

Trend overview

Over the past two quarters, GDP growth has broadly stabilised or modestly strengthened across most markets, while vacancy trends have begun to bottom out, with early signs of recovery in countries such as the United States, Finland, Switzerland, and Portugal.

However, the rebound in labour demand remains partial and uneven, with economies like Germany and Austria still showing subdued hiring despite improving economic activity.

This points to a lagged and incomplete transmission from output recovery to labour demand at the end of the period.



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



Unfilled Job Vacancies

Quarterly dynamics of GDP and unfilled job vacancies
(YoY % change and % respectively) – Q1 2023 to Q1 2026

⇒ Implication for staffing firms

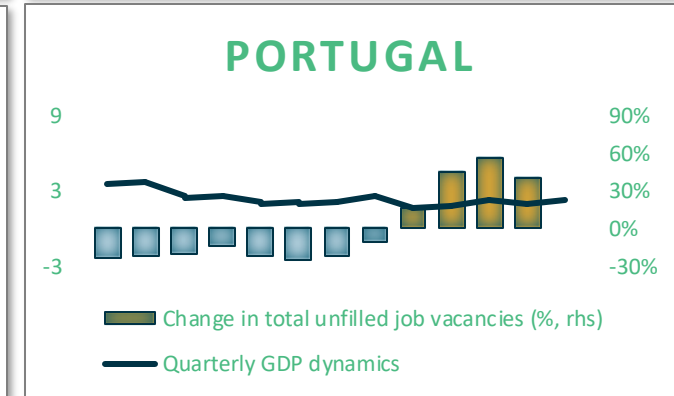
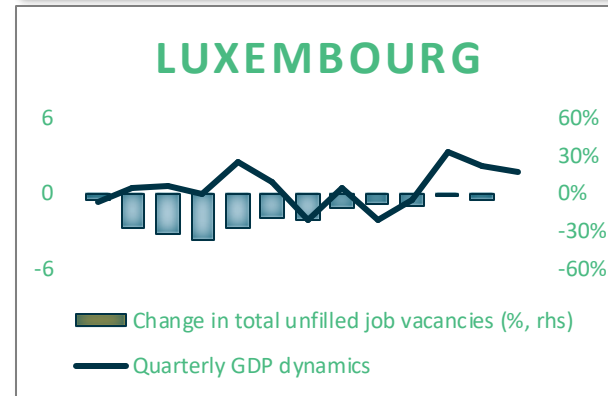
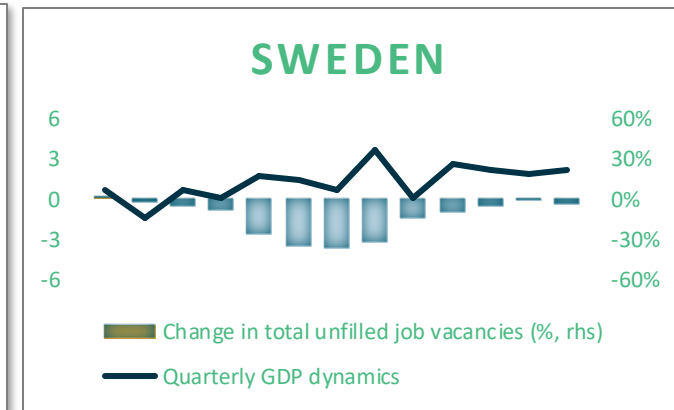
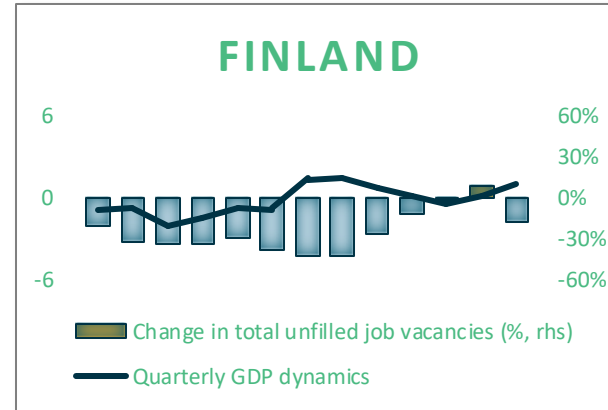
Lag between economic recovery and hiring suggests prolonged uncertainty in demand

⇒ Business model impact

Reinforces cyclical nature and need for agile workforce strategies

⇒ Service evolution

Growth opportunity in workforce planning advisory and forecasting services



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



Labour Shortages in the EU by Sector

Trend overview

Gradual bottoming out and partial reactivation of labour demand is observed in the EU-20 in Q2-Q4 2025, with a clear sectoral split between resilient service-oriented hiring and still-muted demand in cyclical industries.

Renewed hiring pressure is observed in core service segments such as Admin & support services and in Human health & social work sectors. By contrast, persistent soft labour demand remains in Manufacturing and Financial & insurance services.

⇒ Implication for staffing firms

Strong demand in services sectors confirms structural shift in staffing demand

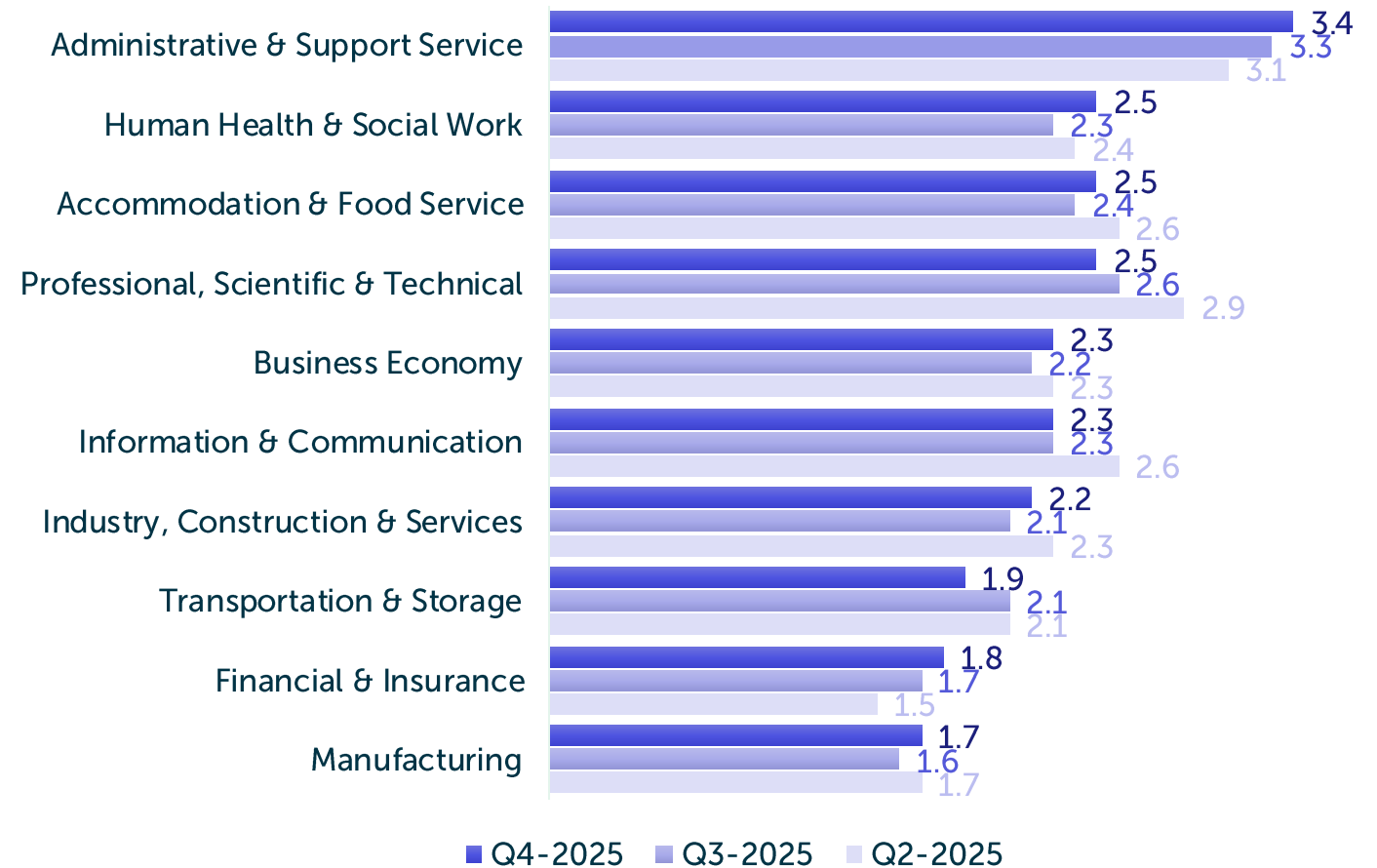
⇒ Business model impact

Firms need sector specialisation strategies

⇒ Service evolution

Expansion into healthcare staffing; professional services and administrative outsourcing

Job vacancy rates in the EU (%)



Sources: Eurostat

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



Self-Employment

Trend overview

An increase in the share of self-employed in 2025 compared to earlier years is explained by a combination of cyclical adjustment and structural change.

Post-pandemic labour market reconfiguration, growth of platform work, and a mix of push (weaker job quality) and pull (flexibility) factors are driving higher self-employment in several countries, while more stable markets like Australia show limited movement.

⇒ Implication for staffing firms

Growth in self-employment reflects structural labour market fragmentation

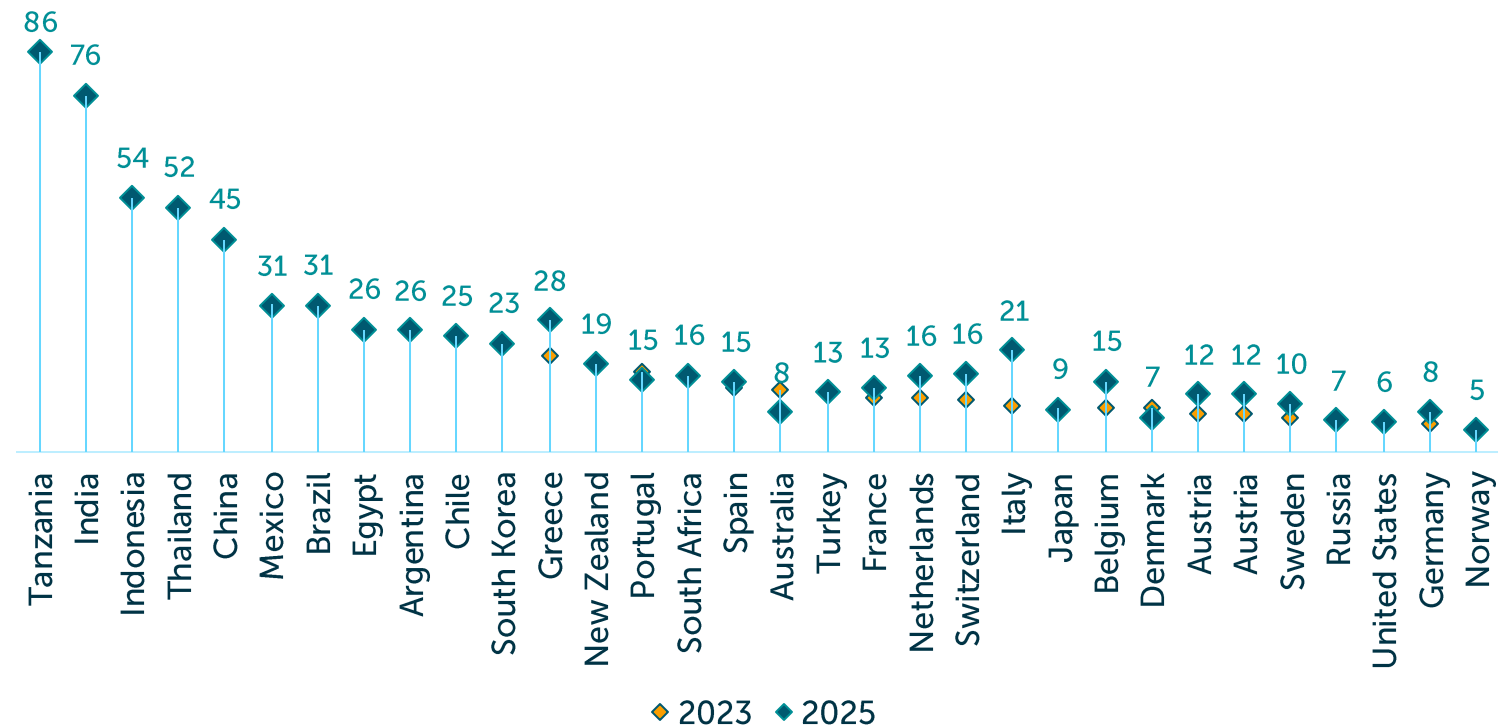
⇒ Business model impact

Increased competition from platforms and independent work models

⇒ Service evolution

Opportunity to develop EoR / compliance services; platform-enabled intermediation; freelancer management solutions.

Share of self-employed
(% of total employment) – 2023 & 2025



Source: OECD

NB: the average global number is a simple average across national percentages.



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