



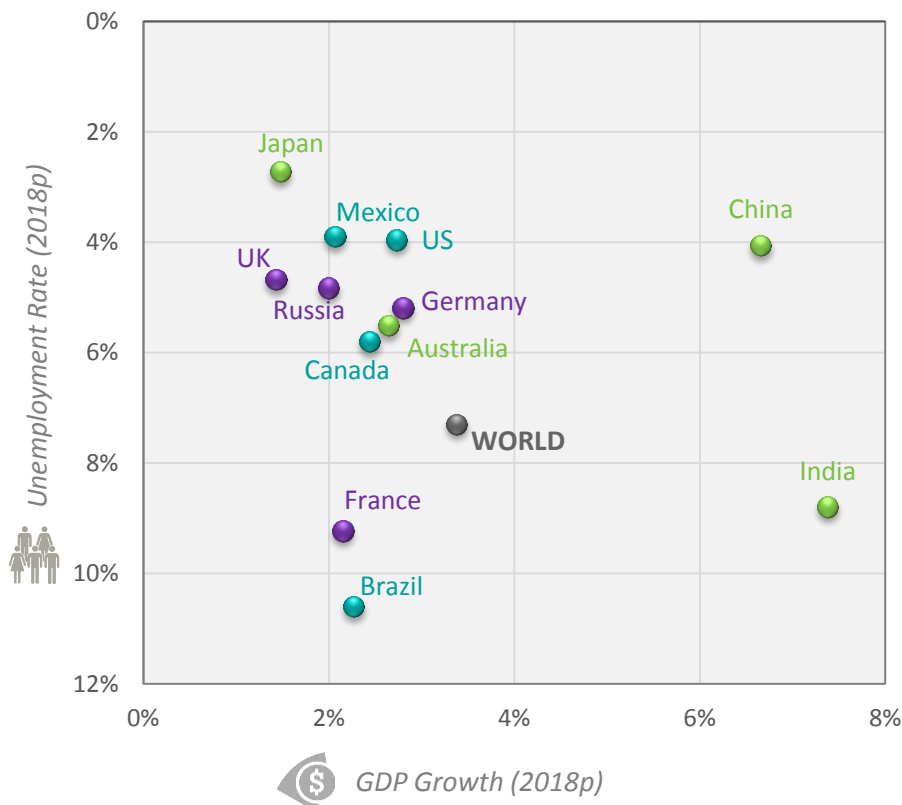
GLOBAL TALENT MARKET QUARTERLY

FIRST QUARTER | 2018

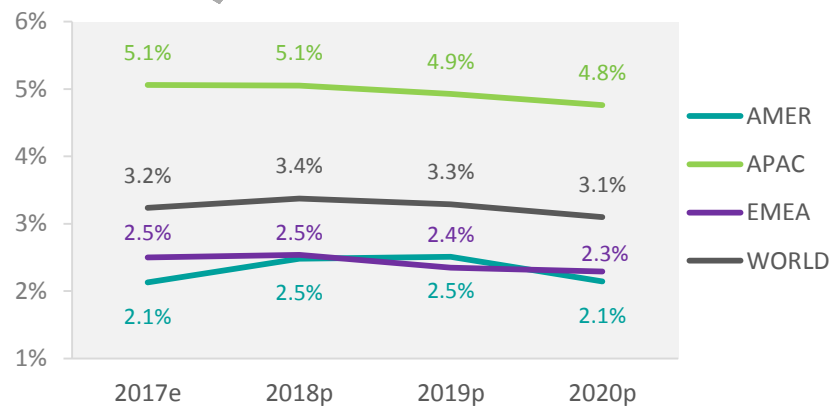
KELLY[®]

The global economic outlook for 2018 is rosy, driven by broad-based strength particularly in the US, Eurozone, and APAC. Global GDP growth is forecast to accelerate to 3.4%—its best performance since 2010. Healthy economies continue to create jobs at a robust pace, helping to push unemployment rates even lower and heighten the demand for skilled talent.

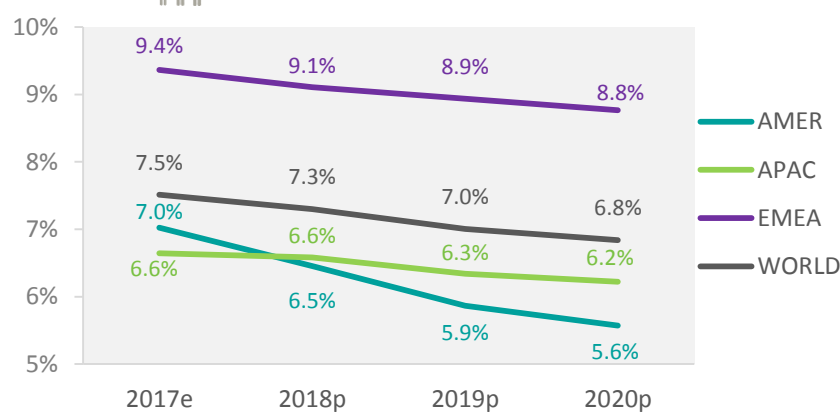
GLOBAL ECONOMIC & LABOR MARKET SNAPSHOT



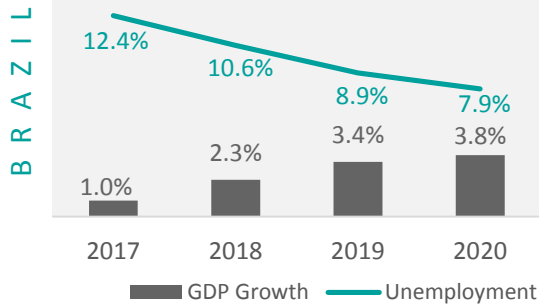
GDP Growth



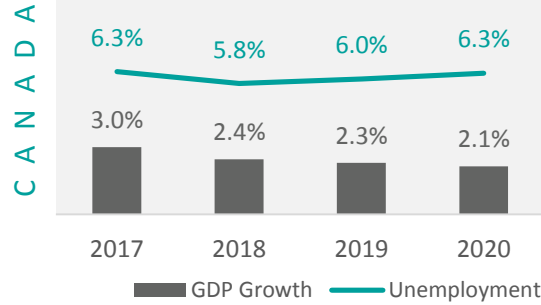
Unemployment Rate



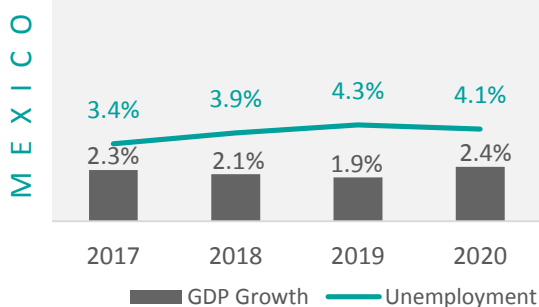
The positive outlook for the US economy, along with recovery in Brazil and across South America, is propping up Americas regional growth in 2018, although political and fiscal risks remain in some markets. Labor markets continue to tighten as job growth continues.



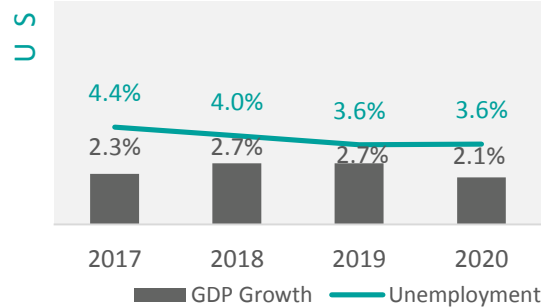
Brazil's GDP growth is set to accelerate in 2018, although political issues are likely to keep the economy from rebounding quickly. The labor market is creating new jobs again, although it will take time to recover lost employment from 2015–2016.



After a robust 2017, the Canadian economy is forecast to cool somewhat in 2018 as mining output experiences some contraction. Still, the healthy economy will support steady job creation, and a decrease in unemployment.

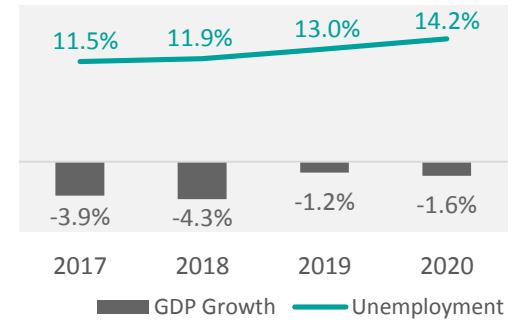


The outlook for Mexico remains subdued, as the need to control both the deficit and inflation will lead to tighter fiscal and monetary policies. Additional constraints on the economy may come with the renegotiation of NAFTA.



The US economy is expected to benefit in the short term from the new tax and regulatory changes and strong business sentiment. Ongoing robust job creation will help to further bolster the labor market, as unemployment continues to decline.

**COUNTRY SPOTLIGHT
PUERTO RICO**

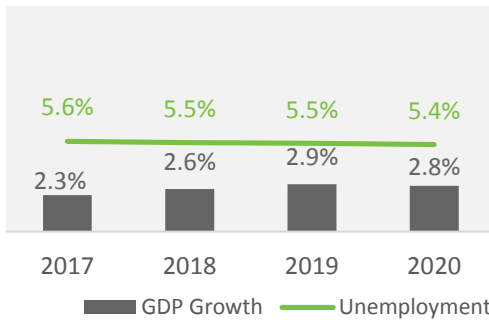


Even before Hurricane Maria, Puerto Rico was facing challenging economic and labor market conditions, including declaring bankruptcy in 2017. The devastation left by the hurricane in autumn 2017, including widespread damage to the country's infrastructure, has only deepened Puerto Rico's crisis. Its economic outlook for 2018 has been downgraded, with GDP expected to contract by more than 4% after a nearly equivalent contraction in 2017.

Unemployment is expected to average nearly 12% this year and peak above 14% by 2020. Labor force participation rates have drifted significantly lower over the past decade as young Puerto Ricans have emigrated to the US mainland, a trend that is expected to intensify in the wake of the island's ongoing struggles.

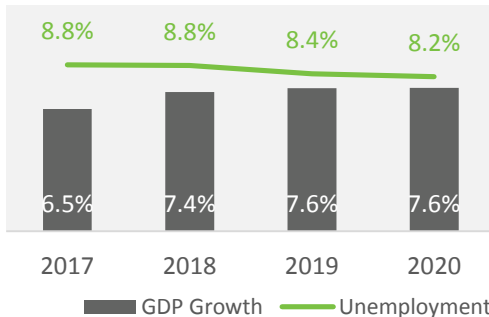
Supported by robust performances in emerging markets and India's rebound after a sluggish year, the APAC region again is expected to be the global economic growth driver in 2018.

A U S T R A L I A



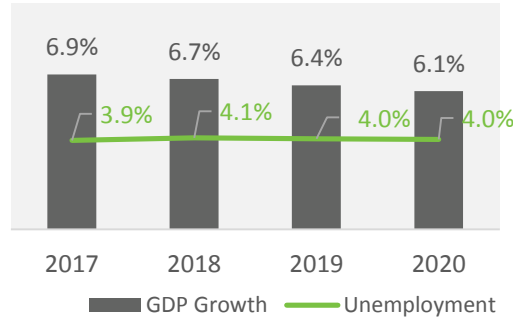
Australian GDP growth is expected to pick up to 2.6% in 2018, driven by rising natural gas production boosting exports. Job creation remains healthy, but rising participation rates suggest that sluggish wage growth will likely persist.

I N D I A



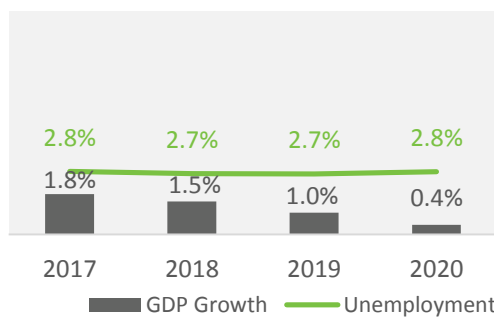
India's economic growth will improve in fiscal year 2018 (beginning April 2018), as domestic demand gradually recovers from the twin shocks of the large-value currency ban in November 2016 and the new goods and services tax introduction in July 2017.

C H I N A



Economic growth in China remains robust, although a slight slowdown is expected in 2018 as some of the government's policy objectives—such as financial system risk mitigation and pollution control—may constrain growth somewhat.

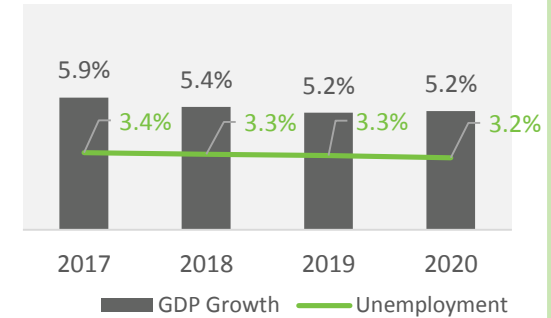
J A P A N



GDP growth of 1.5% is forecast for Japan in 2018, with strengthened external demand but weaker domestic spending. The labor market remains very tight, which could lead to greater wage growth, supporting higher levels of consumer activity.

C O U N T R Y S P O T L I G H T

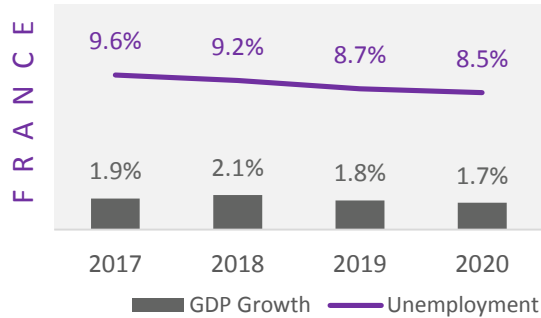
M A L A Y S I A



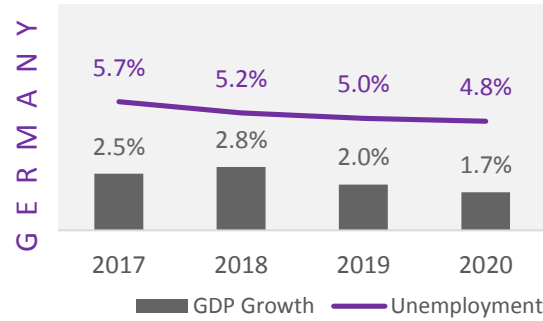
Following a strong 2017, Malaysia's GDP growth is expected to temper slightly to 5.4% in 2018. The cooler outlook is driven largely by expectations that the electronics sector will start slowing in the next six months, due to waning demand and/or growing capacity constraints, after unexpectedly strong global demand for electronics components in 2017.

The country is charting a path towards advanced economy status, driven by the 11th Malaysia Plan, which covers from 2016 to 2020. The plan's strategic pillars center on issues such as equality, inclusiveness, environmental sustainability, human capital development, and infrastructure. It puts significant emphasis on improving labor market outcomes, including increasing female labor force participation and skills development.

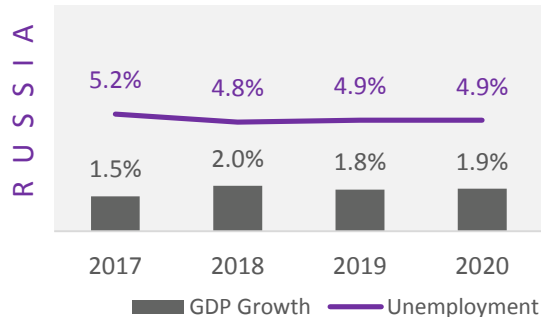
In general, European economies are outperforming, with gradually rising employment levels (especially in Southern and Eastern Europe) boosting confidence. An exception is the UK, where Brexit concerns are driving uncertainty; political risks remain in some countries including Italy and Spain.



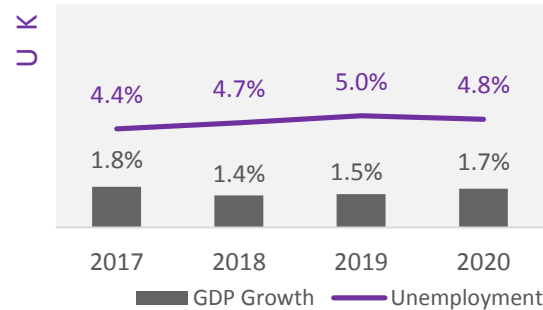
GDP growth in France reached a six-year high in 2017, with domestic demand as the main driver. The economic is set to further accelerate in 2018, and the labor market will likewise continue to improve, boosted by the effects of labor market reforms.



The German economy continues to accelerate in 2018, as supportive domestic factors are increasingly being accompanied by improving global growth prospects. Labor markets are equally strong, with unemployment on a downward trend.



After two years of decline, the Russian economy recovered in 2017 and is expected to strengthen further in 2018 with the aid of increased government spending. The economy also will be boosted in 2018 by World Cup-related investment and tourism.



Brexit-related uncertainty is dampening consumer and business activity, holding back economic growth in 2018. The labor market showed some resilience at the end of 2017; however, job growth is expected to slow and unemployment rise as 2018 progresses.

COUNTRY SPOTLIGHT

PORTUGAL

Year	GDP Growth	Unemployment
2017	2.7%	9.0%
2018	2.3%	7.7%
2019	1.8%	7.1%
2020	1.7%	7.0%

Portugal's economy continued to rebound in 2017, with GDP growth at 2.7%--the highest level since 2000. Through the end of 2017, the economy has grown for 15 consecutive quarters. A very slight cooldown is predicted for 2018, but growth is expected to remain healthy at 2.3%. A solid economy will help keep unemployment on its downward trend. Construction activity is projected to remain strong, while business investment also should benefit from both domestic and external demand. Despite a tightening labor market, wage inflation is projected to stay muted, even as unemployment declines in Portugal. In addition, high private and public debt levels are expected to temper growth in 2018 and throughout the medium term.

South Africa and India have enacted new provisions that increase parental leave, while Puerto Rico has a new regulation surrounding employee sick leave. Canada's province of Ontario has new laws related to IC misclassification and equal pay for temporary workers.

CANADA

Ontario Bill 148, the *Fair Workplaces, Better Jobs Act, 2017* went into effect. It includes several provisions regarding contingent work; chief among them are a new penalty for misclassification of independent contractors and rules surrounding early termination or cancellation of assignments. In addition, as of April 1, 2018, part-time, temporary, and seasonal employees will be required to be paid the same as full-time employees when performing substantially the same job for the same employer.

UNITED STATES

Employment provisions in the US tax bill (*Tax Cuts and Jobs Act*) include an employer tax credit for providing paid family and medical leave, elimination of a business expense deduction related to nondisclosure agreements, repeal of the Affordable Care Act's (ACA) individual mandate, and changes to the tax treatment of certain employer-provided fringe benefits, among others.

PUERTO RICO

Two newly-passed acts address sick leave: one mandates that all employees, including temporary employees, are entitled to up to six days of paid leave per year if they suffer from a "catastrophic illness;" the other prohibits employers from using sick leave to measure employees' efficiency in their annual performance evaluations.

ICELAND

Iceland has become the first country in the world to make it illegal to pay women less than men. The law, effective January 1, 2018, requires employers with 25 workers or more to prove that they pay men and women equally for equal work. Workplaces employing 250 or more workers are required to obtain equal pay certification by the end of 2018.

ITALY

The *Bonus Occupazione* for youth employment allows companies that hire young people on a permanent basis to benefit from a tax advantage, paying only 50% of the mandatory INPS contributions due for each employee. The bonus will also apply in cases of the conversion of a fixed-term contract into a permanent contract.

SOUTH AFRICA

Parliament passed the *Labour Laws Amendment Bill*, which provides for at least 10 days of unpaid paternity leave, adoption leave, and surrogacy leave for all employees who do not qualify for maternity leave.

INDIA

Under the *Maternity Benefit Amendment Act 2017*, women employed in factories, mines, and shops or commercial establishments employing 10 or more employees are eligible for increased maternity leave. Paid maternity leave for women employees expecting their first or second child increased from 12 weeks to 26 weeks. In addition, after the 26 weeks, women will be able to negotiate work from home arrangements on terms that are mutually agreed upon with the employer.

JAPAN

The five-year deadline is approaching for fixed term employees to be able to apply for permanent employment in cases where they have been continuously employed by the employer for more than five years, and have had two or more fixed term employment contracts with the same employer. This right applies to fixed term employment contracts entered into or renewed on or after April 1, 2013.

GLOBAL TALENT SPOTLIGHT: REDEFINING RETIREMENT

WORKING PAST RETIREMENT AGE

Retirement: the very definition of the word means “ceasing to work.” A new study finds, however, that the majority of workers across the globe envision that they will continue to perform some type of work in retirement, with only a third saying that they will immediately stop working once they reach retirement age.

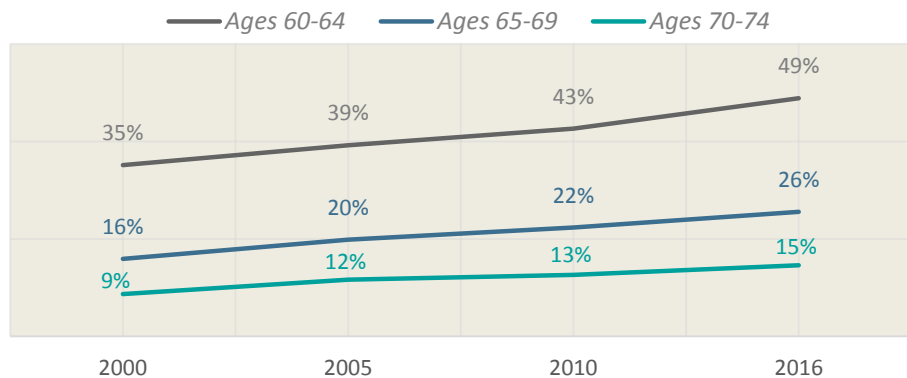
The desire to keep working is being evidenced in rising employment rates for older workers: more than a quarter of people ages 65 to 69 in developed countries are still working, up from 16% in 2000. And 15% of people ages 70 to 74 are still working, up from 9% in 2000. Employment rates among older populations can depend upon factors like mandatory retirement ages, and so can vary widely across countries: for example, 25% of people in the 70-74 age group in Japan are still working, compared to just 3% of people in that same age group in France.

HOW PEOPLE ENVISION WORK AFTER RETIREMENT AGE



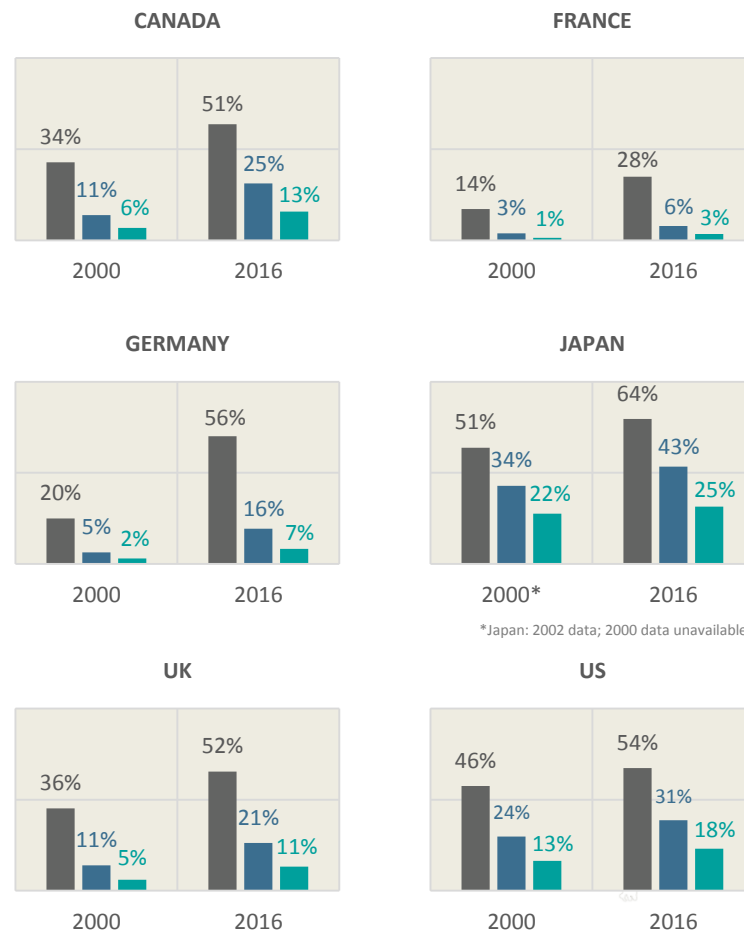
- 33%: I will immediately stop working altogether and enter full retirement
- 31%: I will work on a part-time/contract basis in retirement, but only for a while
- 16%: I will work on a part-time/contract basis throughout retirement
- 10%: I will keep working as I currently do; no change in the way I work
- 10%: Other/don't know

EMPLOYMENT RATES BY AGE GROUP: OECD COUNTRY AVERAGE

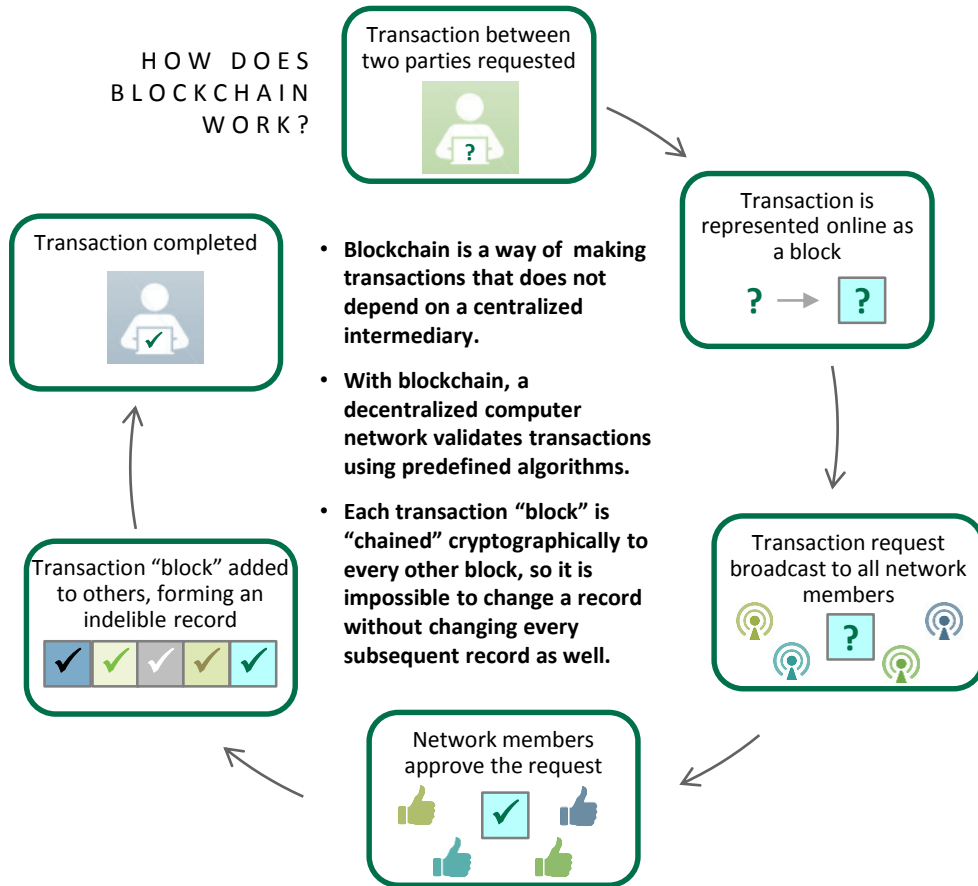


EMPLOYMENT RATES BY AGE GROUP: SELECTED COUNTRIES

■ Ages 60-64 ■ Ages 65-69 ■ Ages 70-74



WORKFORCE SOLUTIONS SPOTLIGHT: UNRAVELING BLOCKCHAIN



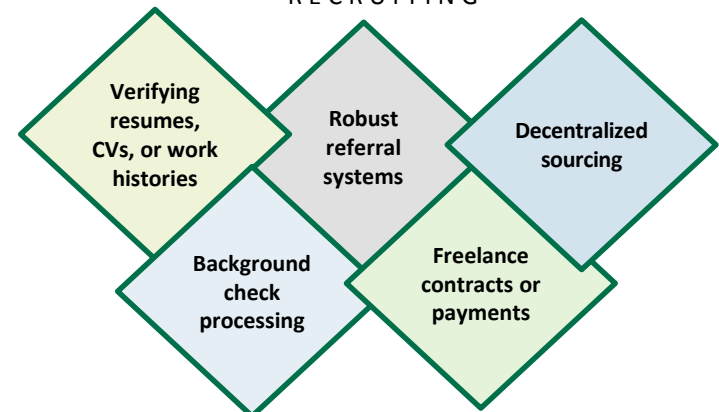
WHAT IT IS, AND WHY YOU SHOULD CARE

While arguably the hottest buzzword within the industry these days is artificial intelligence, another technology may create just as much disruption—or even more. Blockchain, the technology underlying cryptocurrencies such as bitcoin, has the potential to change the way business is conducted across multiple industries.

Simply put, blockchain offers a way for parties to reach agreements or create transactions securely, without using an intermediary. It does this via a distributed, decentralized peer-to-peer ledger system that is capable of automatically recording and verifying a high volume of digital transactions. According to CB Insights, "the use cases for a transparent, verifiable register of transaction data are practically endless — especially since blockchain operates through a decentralized platform requiring no central supervision, making it resistant to fraud."

In the workforce solutions world, this technology could be applied to time-consuming tasks such as performing background checks or issuing contracts to freelance workers, vastly improving efficiency and accuracy in the talent acquisition and management processes.

POTENTIAL BLOCKCHAIN APPLICATIONS IN RECRUITING



ADVANTAGES OF BLOCKCHAIN

VERIFICATION	TRANSPARENCY	TRACEABILITY	SECURITY
COLLABORATION	SCALEABILITY	NEUTRALITY	AUTHENTICITY
TRUST	SPEED	COST	PRIVACY

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As a global leader in providing workforce solutions, Kelly Services, Inc. (Nasdaq:KELYA) (Nasdaq:KELYB) and its subsidiaries offer a comprehensive array of outsourcing and consulting services as well as world-class staffing on a temporary, temporary-to-hire, and direct-hire basis. Kelly® directly employs nearly 500,000 people around the world in addition to having a role in connecting thousands more with work through its global network of talent suppliers and partners. Revenue in 2017 was \$5.4 billion. Visit www.kellyservices.com and connect with us on [Facebook](#), [LinkedIn](#), and [Twitter](#).

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