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Economic Outlook, Salary and Turnover Trends May 2011

The world economy continues its recovery leading into 2011, allaying fears of a double-dip recession.

Real GDP growth for 2010 across the Euro Area amounted to 1.7% compared with a 4.1% contraction in 2009. The latest forecasts from the IMF predict further growth of 1.6% during 2011.

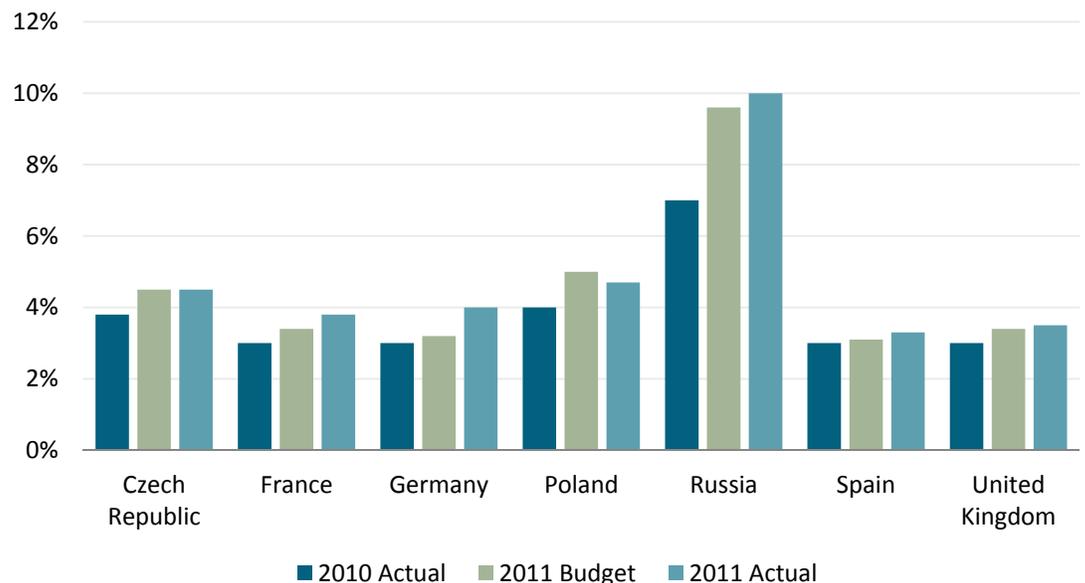
The concerns of a double-dip recession amongst advanced economies was fuelled by fears that the initial recovery, driven by the inventory cycle and fiscal stimulus, would fade. Fiscal stimulus has since turned to fiscal consolidation, and the inventory cycle is largely over, allowing private demand to take hold of the recovery.

Germany continues to recover strongly, with growth of 3.5% over 2010, and further growth of 2.5% predicted for 2011. The UK and France continue their steady recovery with growth of 1.3% and 1.6% respectively in 2010, and further growth predicted in 2011.

Although the advanced economies appear to be emerging from the recession, output is considered still far below potential reflecting the extensive damage inflicted by the recession. Low long-term growth forecasts (2012: 1.8%, 2016: 1.7%) suggest that the currently high unemployment figures will remain for some years.

Against this economic background, we present an extract of our data, taken from the Q1 2011 Trends Report available on the Radford Network.

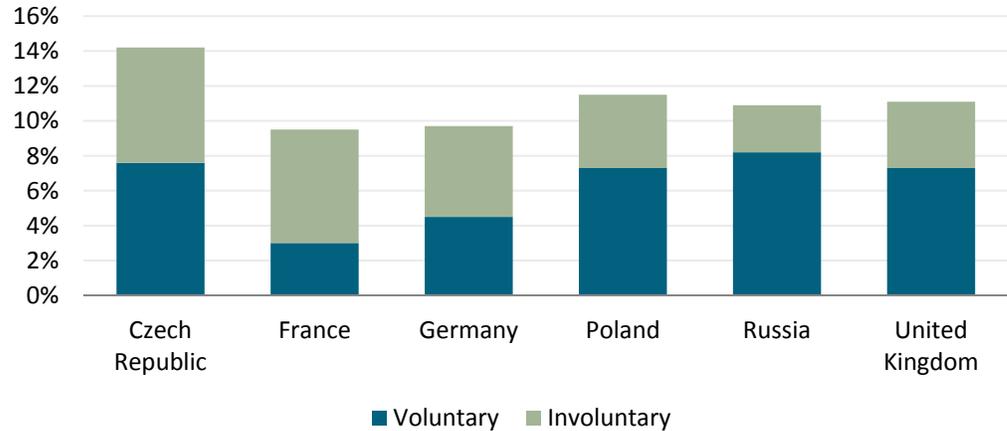
Fig 1. Q1 2011 Median Diluted Base Salary Increases



Source: Radford Trends Report – Q1 2011 Technology Edition

This quarter we notice a slight shift in employee turnover, and although overall turnover remains largely similar, there is a notable trend in that voluntary turnover has begun to increase and involuntary turnover has decreased. This suggests increased confidence in the economy from both an employee and employer perspective.

Fig 2. Median Staff Turnover in Q1 2011



Unemployment remained high in 2010 at 10.0% across the Euro Area. As mentioned, this is not expected to fall significantly in the near future, reflected by forecasts of 9.9% and 9.6% for 2011 and 2012 respectively.

Included in the full Radford Global Trends Report is further quarter-on-quarter analysis into hiring sentiment, workforce turnover, and salary increase projections.

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