

United Kingdom

Faster growth of permanent placements and salaries in April

- **Permanent staff appointments rise at strongest rate in eight months**
- **Tight candidate availability fuels sharper increase in salaries**
- **Temp billings growth eases to six-month low**

Latest evidence from Markit's recruitment industry survey showed further strong growth of hiring activity at the start of the second quarter. The KPMG/REC *Report on Jobs*, published today, signalled that permanent placements rose at the sharpest rate in eight months, buoyed by strong demand from employers. The survey data suggest that the recent run of strong employment growth recorded in the official statistics is likely to continue in coming months.

Moreover, average starting salaries increased at the fastest pace in nine months. Pay was driven higher by shortages of qualified candidates, with consultants reporting a lack of available staff across a range of job categories.

Strong salary growth for new hires continued the current marked disconnect between pay deals for higher-skilled, in-demand workers moving between jobs and the continued subdued trend in average earnings across the broader labour force. Latest official data showed that average earnings including bonuses rose just 1.7% on an annual basis in the three months to February. That was the slowest pace since the three months to October 2014, underscoring the weakness of pay deals for those not moving between jobs, which constitute the vast majority of the labour force.

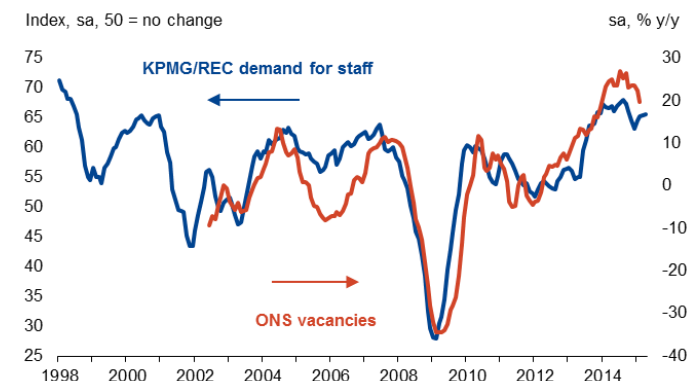
Less positive news from the survey of recruiters was an easing in the rate of expansion of temporary/contract staff billings to a six-month low in April. Nevertheless, growth remained comfortably above the average recorded since the survey started in 1997, with panellists reporting that rising client activity levels continued to underpin demand for flexible staff.

Employment



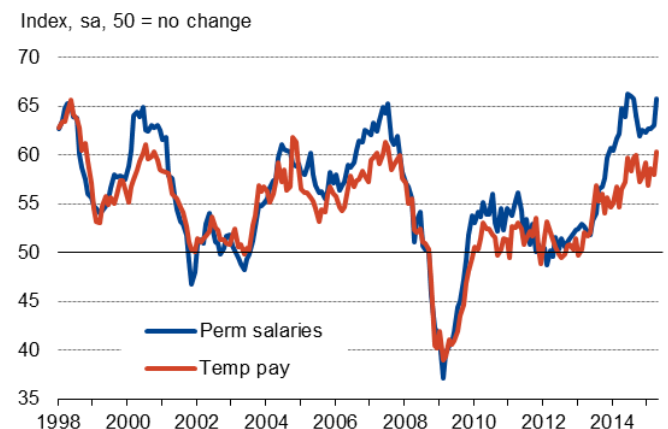
Sources: Markit, ONS via Ecwin.

Vacancies



Sources: Markit, ONS via Ecwin.

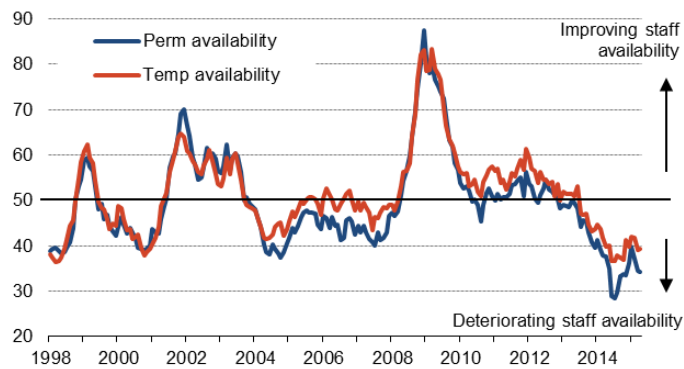
Wage pressures



Source: Markit

Recruitment survey staff availability

Recruitment agency survey index (50 = no change on prior month)



Source: Markit (KPMG/REC Report on Jobs)

Jack Kennedy
Senior Economist

Markit

Tel: +44 1491 461 087

Email: jack.kennedy@markit.com

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