

United Kingdom

Permanent placements growth accelerates to four-month high

- Recruitment activity reaccelerates in February
- Upwards pressure on salaries continues...
- ...as skill shortages remain marked

Latest data from Markit's survey of recruitment consultancies signalled a pick-up in hiring activity during February. The KPMG/REC *Report on Jobs*, published today, signalled the sharpest rise in permanent placements since last October. Agencies' temporary staff billings meanwhile increased at the fastest pace in five months.

The improved growth trend suggests that the labour market remains in good health, allaying concerns of a slowdown following January's softer survey data. The latest available official statistics showed that unemployment fell by a robust 97,000 in the three months to last November, the strongest decline since the three months to last August.

Recruitment activity continues to be underpinned by strong demand for staff among employers. The latest Report on Jobs data showed that overall vacancies increased at the sharpest rate in four months during February, led by sectors such as engineering and healthcare.

However, recruiters again reported difficulty filling these roles amid persistent skill shortages. The availability of both permanent and temporary staff was reported to have fallen at a sharper rate than in January.

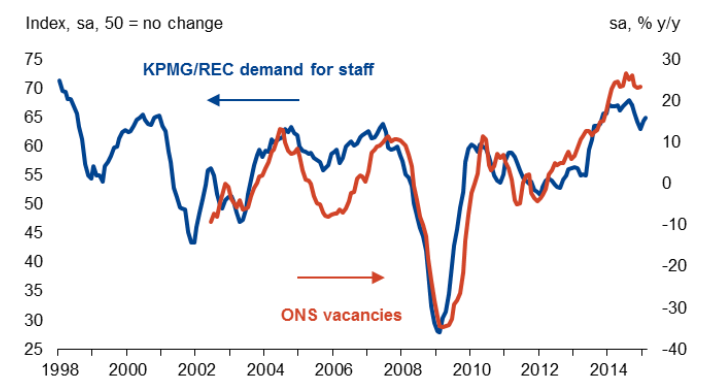
Employers were therefore under pressure to hike starting salaries, with the rate of growth in permanent staff remuneration holding steady on January's strong pace. Temporary staff hourly pay rates also showed a marked increase in the latest month. This bodes well for a continued improvement in average earnings growth across the broader labour force in coming months.

Employment



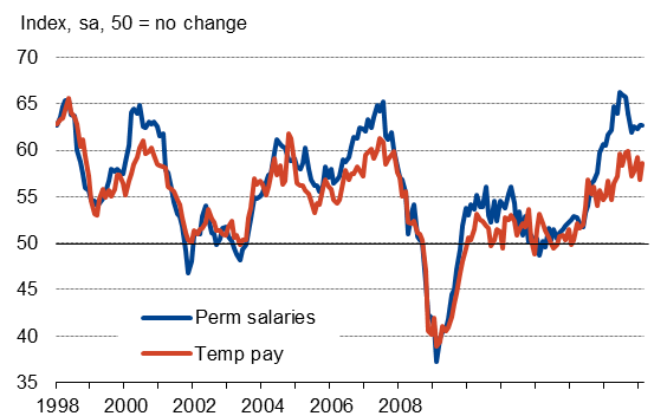
Sources: Markit, ONS via Ecwin.

Vacancies



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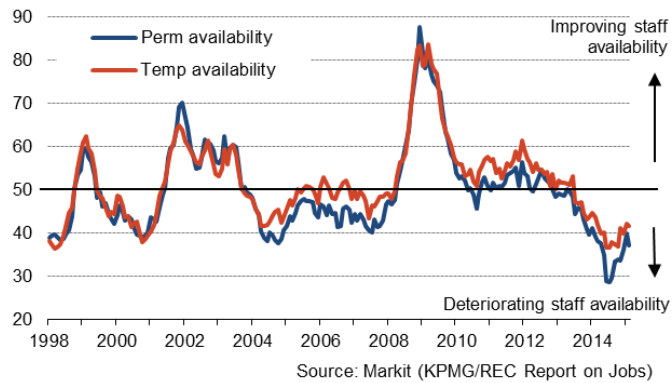
Wage pressures



Source: Markit

Recruitment survey staff availability

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



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