

United Kingdom

Recruitment activity continues to pick up pace in November

- Permanent placements rise at sharpest rate in seven months
- Candidate availability tightens further
- Pay growth remains marked

Latest evidence from Markit's recruitment industry survey signalled a further strengthening of the UK's labour market in November. The *KPMG/REC Report on Jobs*, published today, signalled that the number of staff placed in permanent roles showed the largest monthly increase since April. Agencies' temporary/contract staff billings also increased at a sharper rate, with growth accelerating to a five-month high.

The survey data suggest that official labour market statistics will continue to signal an upturn during the fourth quarter, following on from the accelerating rate of growth recorded throughout the third quarter.

Alongside the rise in appointments has been a decline in the availability of suitable candidates to fill vacancies. November's survey data indicated that permanent staff availability fell at the sharpest rate in three months, while temporary/contract staff availability worsened to the greatest degree in 18 years. Shortages of candidates were reported across a broad range of skill sets.

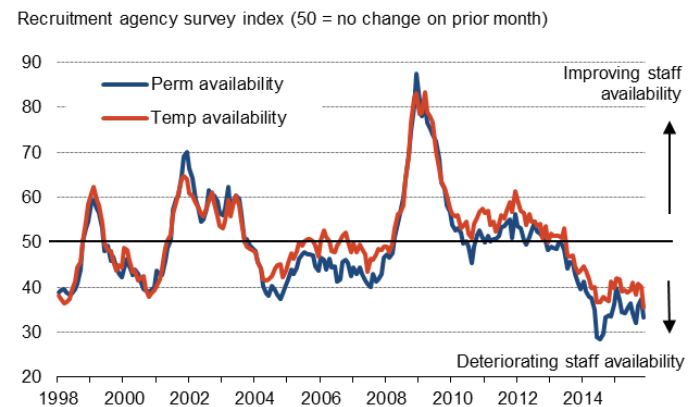
A lack of suitable candidates had the effect of driving salaries higher, with recruiters signalling a further marked increase in permanent staff pay and the fastest rise in temporary/contract staff hourly rates for three months. Historical comparisons suggest that average earnings growth could rise from its current level of 3% per annum (including bonuses) in the coming months, particularly if rates of job churn across the broader labour force pick up and if composition effects which have held down earnings growth in recent times unwind. With the unemployment rate now standing at a seven-year low of 5.3%, the labour market is looking increasingly tight.

Employment



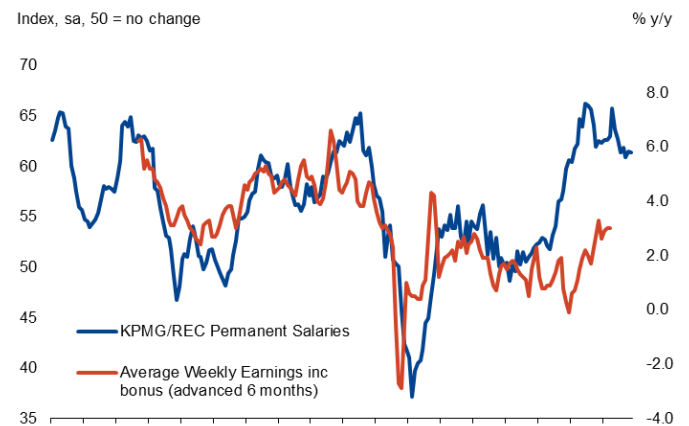
Sources: Markit, ONS via Datastream.

Recruitment survey staff availability



Source: Markit (KPMG/REC Report on Jobs)

Wage pressures



Sources: Markit, ONS via Datastream.

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