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## Royal Bank of Scotland Report on Jobs

### Growth in permanent placements slows to modest pace in February

- Permanent appointments increase at notably slower rate
- Demand for staff continues to rise strongly
- Pay pressures remain elevated

According to the latest Royal Bank of Scotland Report on Jobs, the Scottish labour market remained strong during February, with permanent staff appointments and temp billings both expanding. Although the rates of increase slowed in both cases, growth momentum was stronger than recorded for the UK as a whole. Furthermore, demand for temporary and permanent staff rose strongly, despite easing since January. Amid a further deterioration in labour supply, pay pressures remained elevated in February.

Latest survey data extended the current period of growth in permanent appointments in Scotland to 25 months. This contrasted with the UK, where permanent placements stagnated. However, the expansion in Scotland eased notably from the historically marked rates seen towards the end of 2018 and was only modest overall. Furthermore, it was the slowest increase seen across the current sequence of growth.

Temp billings also rose further during February, although the rate of increase slowed. The expansion was strong overall, despite softening to the weakest since January 2018.

As has been apparent since March 2012, permanent staff availability in Scotland declined, albeit at a pace that was the softest in four months. Nevertheless, the fall was steep overall and markedly stronger than seen for the UK on average.

Short-term candidate supply in Scotland also deteriorated in February. However, the drop in availability was the weakest for almost one year. Temporary staff shortages were also apparent across the UK as a whole.

A healthy appetite for new hires in Scotland was signalled by further growth in demand for both permanent and temporary staff during the latest survey period. In each instance, however, vacancies expanded at softer rates. Permanent job openings

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increased at the weakest pace in just over two years, while growth in temporary roles was the slowest since January 2018 and below the long-run average.

Scottish recruitment agencies pointed to further growth in pay during February. Salaries awarded to permanent starters in Scotland rose sharply, despite the rate of inflation easing to the slowest since March 2017.

Short-term pay rates in Scotland also increased in the latest survey period, thereby extending the trend seen over the past four years. Though strong, the rate of temp wage inflation slowed to a six-month low.

## COMMENT

Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

“There was a further marked slowdown in February from the strong expansions in permanent staff placements seen in Scotland towards the end of 2018. Permanent appointments only rose mildly and to the weakest extent across the current two-year growth period.

“A loss of momentum was also seen in vacancy growth, as short-term and permanent job openings increased at sharp but weaker paces. Pay pressures remained elevated in the Scottish labour market, however rates of inflation in starting salaries and temp wages eased and were weaker than respective rates for the UK on average.”

ENDS

## For more information

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## Notes to Editors

This report, compiled by IHS Markit, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the KPMG and REC, Report on Jobs survey for the UK, which uses an identical methodology. The KPMG and REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

## About the Recruitment & Employment Confederation

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