Royal Bank of Scotland Report on Jobs

Permanent placements growth eases to three-month low in June

- Slower rise in permanent staff appointments, temp billings decline
- Vacancy growth loses further momentum
- Pay pressures remain strong

According to the latest Royal Bank of Scotland Report on Jobs, labour market trends in Scotland continued to improve in June, but there were signs that hiring conditions were cooling as permanent placements growth eased and temp billings declined for the first time in 18 months.

Meanwhile, job vacancies in Scotland rose at weaker rates. Permanent staff demand increased at the slowest pace since January 2017, while growth in temporary job openings was below its 12-month average. Pay pressures were little-changed since May, but nonetheless marked overall.

Permanent staff appointments increased in Scotland during June, continuing the growth sequence which started nearly two-and-a-half years ago. On a positive note, the trend in Scotland contrasted with the UK overall, where permanent placements declined for the fourth month running. However, momentum was lost north of the border, with the expansion modest and easing to a three-month low.

For the first time since December 2017, temp billings in Scotland fell during June. Although the decline was only mild, it was a stark contrast to some of the sharp increases seen earlier in the year. Marginal growth in short-term staff billings was recorded for the UK on average.

Further signs of a cooling labour market were seen in job vacancies. Demand for permanent staff in Scotland increased in June, however the rate of growth slowed for a third month in succession to the weakest in nearly two-and-a-half years. Nevertheless, permanent vacancies rose at a faster pace than for the UK as a whole. Temporary job openings also rose at a softer rate during the latest survey period.

A broad-based increased in pay was observed across both types of employment in Scotland during June. Starting salaries awarded to new permanent joiners rose strongly, but the rate of inflation was little-changed when compared to the preceding two months and in line with the average across 2019 so far. A similar
trend was recorded for temporary pay rates, which grew markedly and at a similar pace to May.

As has been the case since March 2012, permanent candidate availability in Scotland deteriorated in June. The rate of decline, albeit still marked, was the weakest in just over two years. On the other hand, temporary labour supply contracted at the fastest pace since April 2015.

COMMENT

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

“Latest survey data revealed some signs that, although labour market conditions are improving, hiring activity has started to cool. Permanent placements growth eased to a three-month low and was only modest in June, while temp billings, which have grown sharply in recent months, declined for the first time in 18 months.

“Growth of permanent staff demand eased for a third month running to the slowest in nearly two-and-a-half years, while temporary job vacancies also grew at a weaker pace. Softer trends for job placements and vacancies led to little movement in pay pressures during June, which remained marked.”

ENDS

For more information
Royal Bank of Scotland
Jonathan Rennie
Regional PR Manager
Telephone 07769 932 102
Email: jonathan.rennie@rbs.co.uk

IHS Markit
Joe Hayes
Economist
Telephone +44-1491-461-006
Email: joseph.hayes@ihsmarkit.com

Joanna Vickers
Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com
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.

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

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100

Jobs transform lives, which is why we are building the best recruitment industry in the world. As the professional body for recruitment we’re determined to make businesses more successful by helping them secure the people they need. We are absolutely passionate and totally committed in this pursuit for recruiters, employers, and the people they hire. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world’s leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

Disclaimer

The intellectual property rights to the Royal Bank of Scotland Report on Jobs provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit’s prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information (“data”) contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers’ Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Royal Bank of Scotland uses the above marks under licence. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.