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Royal Bank of Scotland Report on Jobs

Permanent placements growth hits four-month high in April

- Permanent appointments grow at faster rate
- Vacancy growth softens slightly
- Pay pressures pick up

According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments in Scotland expanded at the fastest rate in the year-to-date during April. In contrast, temp billings increased at the softest pace since January 2018. Demand for staff continued to rise strongly, but at a pace that was softer than those seen through much of 2018. At the same time, staff availability continued to deteriorate, while pay pressures remained elevated.

Growth in permanent staff placements was sustained in Scotland during April. The rate of increase improved and was the strongest in 2019 so far. Meanwhile at the UK level, permanent appointments declined for the second month running.

In contrast, Scottish recruiters indicated a softer rise in temp billings during April. In fact, the rate of increase slowed markedly and was the weakest since January 2018. Furthermore, for the first time since the start of last year, short-term staff billings for the UK as a whole rose at a faster pace than in Scotland.

Permanent labour supply in Scotland continued to deteriorate during the latest survey period, as has been the case since March 2012. Permanent candidate numbers fell markedly overall, despite the rate of reduction easing slightly.

Temporary candidate availability also declined at a weaker pace during April. That said, the deterioration was stronger than the survey's historical average.

According to Scottish recruitment firms, there remained a strong appetite for both permanent and temporary staff during April. In both cases however, the rate of vacancy growth eased and was below those seen during 2018. Temporary job openings rose at the weakest pace since the start of 2018, while permanent vacancies expanded at one of the weakest rates seen in over two years.

In line with deteriorating labour supply and continued growth in staff demand, pay pressures remained elevated in April. Salaries awarded to new permanent joiners in

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Scotland rose strongly and at the fastest pace in three months. The rate of inflation was only slightly weaker than that recorded for the UK as a whole.

Meanwhile, short-term pay rates in Scotland increased at the fastest pace in seven months. Temp wage inflation also ticked up for the UK overall.

COMMENT

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

“Scotland’s labour market defied the trend at the UK level in April, with permanent placements rising at the fastest pace in the year-to-date despite the continued difficulties survey data has highlighted regarding candidate availability. In contrast, a second successive monthly decline was seen for the UK as a whole, highlighting divergent regional job market performances as conditions continue to tighten.”

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.

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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