

EMBARGOED UNTIL 01:01 7 June 2019

Royal Bank of Scotland Report on Jobs

Scotland defies overall UK trend to signal solid permanent placements growth

- Permanent appointments fall at wider UK level...
- ...but solid growth recorded across Scotland
- Permanent job openings rise at weakest rate since January 2017

According to the latest Royal Bank of Scotland Report on Jobs, there were further positive signs for Scotland's labour market during May, with permanent placements rising amid declines across the UK as a whole. Temp billings also grew at an accelerated rate, while pay pressures remained elevated. That said, permanent staff demand increased at the weakest pace since January 2017, while temp vacancy growth remained weaker than seen during last year.

Permanent staff appointments continued to increase in Scotland, sustaining the current upturn that started in February 2017. Furthermore, the rise was broadly in line with the series long-run average, showing further signs of recovery from the soft patch seen at the start of the year. This was a marked contrast to the trend seen for the UK overall, which showed a third successive monthly decline in permanent placements.

Temp billings in Scotland rose at a sharp and accelerated pace during May, growing above the long-run trend rate and outpacing that seen for the UK as a whole.

Labour supply continued to deteriorate in Scotland during the latest survey period. The rate of decline was the most pronounced for permanent staff. The fall in permanent candidate numbers was sharp overall, albeit the weakest for one-and-a-half years. Meanwhile, short-term staff supply contracted at the second-weakest rate since January 2018.

By historical standards, salaries awarded to permanent new joiners in Scotland increased strongly during May, broadly matching the UK-wide trend. That said, the rate of salary inflation was little-changed from those seen since February and was notably weaker than the 2018 average.

Wage rates for short-term staff increased sharply during the latest survey period, with the pace of increase holding close to April's seven-month high.

News Release

Permanent and short-term job openings across Scotland increased in May and at much quicker rates than for the UK overall. That said, growth in both cases was subdued relative to those seen throughout last year. Permanent staff demand increased at the weakest rate for nearly two-and-a-half years. Temporary vacancy growth did improve following April's 15-month low, but only marginally.

COMMENT

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

“Latest survey data revealed a mixed picture for Scotland’s labour market. The positive takeaways remain on the hiring front, where Scotland defied the downturn in recruitment at the wider UK level and posted a solid rise in both temp billings and permanent appointments.

“However, although both staff demand and pay pressures remain historically elevated, rates of increase were softer than 2018 averages, beckoning the question as to whether Scotland’s resilience can be sustained in the coming months.”

ENDS

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News Release

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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