

Market Briefing

October 2024

Light at the end of the tunnel? We're not so sure.

In the week the IMF predicted that the UK received a big growth upgrades from the International Monetary Fund, the Government's recent investment summit claimed £63b on inward investment, creating 38,000 jobs, and a bigger than expected fall in inflation driving an expectation that interest rates would fall further than expected, we could all be forgiven for thinking that the jobs market has finally turned a corner and rosier time lie ahead.

Even the Government's new proposed employment legislation seems to have already been priced into employers' thinking about hiring intentions, with not much impact.

However the rise in employers' NI contributions in this week's budget are staggering. The new measures will raise £20bn a year, one of the biggest single tax-raising measures in history. This will be a massive kick in the teeth to many businesses and the only question is by how much will it depress hiring intentions, not whether it will or not.

Everyone understands the challenge of balancing the books, but the real danger is to mistake full employment as confirmation of a healthy economy, because without growth in jobs being created wages will stagnate and productivity will reduce.

The data so far is still not encouraging so, no, sadly, the end of the tunnel is still some way off.

Vacancy data

- **Job vacancies:** From July to September 2024, UK job vacancies fell to 978,000, a drop of 11,000 from the previous quarter. This marks the 15th consecutive decline, with the most significant drops in sectors such as retail and manufacturing (ONS).
- **Vacancy rate:** The vacancy rate fell to 2.9%, down from 3.0% in the prior quarter, reflecting a cautious hiring environment due to economic uncertainty (ONS).

Employment market

- **Employment rate:** The UK employment rate for June to August 2024 stood at 75.3%, down by 0.1 percentage points from the previous quarter. This dip was largely due to slower hiring across certain industries, reflecting growing caution from employers (ONS).
- **Unemployment rate:** The unemployment rate rose slightly to 4.2%, increasing by 0.1 percentage points compared to the prior quarter, indicating emerging pressures on the labour market (ONS).
- **Economic inactivity:** Economic inactivity saw a reduction, reaching 20.9%, as younger workers increasingly re-entered the workforce. This gradual decrease highlights a continued return to work across various age groups (ONS).

Key sector highlights

- **Health and social care:** There were over 61,000 job postings for nurses and 81,000 for care workers in October. Medical and dental technician roles, midwives, and pharmacy assistants saw more than a 100% rise in demand compared to pre-pandemic levels.
- **Retail, hospitality, and logistics:** Seasonal hiring picked up, especially as businesses prepared for the Christmas period. Job postings for postal workers, mail sorters, and van salespersons saw significant increases.
- **Logistics and transportation:** The demand for postal workers and couriers surged due to seasonal pressures. Other logistics roles also experienced a rise in job adverts as the year-end approached (REC Labour Market Tracker)

The data illustrates the ongoing strength in certain sectors despite wider economic caution, with healthcare and logistics being key drivers of recruitment in October.

Global news

- **Europe:** Labour shortages remained an issue, particularly in Eastern Europe. In Germany, unemployment rose to 5.8%, while France's unemployment rate stayed steady at 7.1%, despite economic challenges (Euronews, DLA Piper).
- **US:** Job openings decreased to around 8.9 million, showing a cooling labour market, especially in tech and retail. Healthcare, however, maintained strong hiring due to sustained demand (Bureau of Labor Statistics, DLA Piper).
- **APAC:** Japan maintained a low unemployment rate of 2.7%, but hiring difficulties grew, particularly in healthcare. Australia saw a drop in its participation rate to 66.4%, as fewer people sought work in the face of economic headwinds (Global Team Builder, DLA Piper).