

Market Briefing

November 2024

The hiring market remains stagnant with little short-term upside after the recent budget and youth worklessness continuing to grow. Combined with the latest UK growth figures of 0.1% in the last three months, it's clear there is still a long road ahead before any meaningful return to a more buoyant hiring market.

Employment market

- The UK employment rate (June to August 2024) was **75.3%**, a minor **0.1%** drop from the previous quarter, affected by slowed hiring in certain industries (ONS).
- Unemployment rose to **4.2%**, indicating a **0.1%** increase, showing labour market strain (ONS).
- The economic inactivity rate has decreased to **20.9%**, reflecting a positive trend of more people, particularly younger individuals entering or re-entering the workforce. (ONS)

- While overall economic inactivity has declined, reflecting increased engagement in job-seeking or employment—likely driven by improving opportunities or shifting personal circumstances—youth worklessness has reached a ten-year high of 1.2 million. This disparity underscores persistent challenges faced by some young people, such as long-term illness or socio-economic barriers, which continue to limit their full participation in the labour market.
- A record 789,000 people aged 16 to 24 who are not studying full-time are neither working nor looking for a job, thought in part to reflect a post-pandemic rise in mental health problems among the young.
- There are also 422,000 unemployed people looking for work in this age group, a figure that has almost doubled in two years.

- The combined total of 1.2 million is the highest since 2014, when youth worklessness was falling steeply as Britain recovered from the financial crisis.
- In the last two years, however, the number of young people outside the workforce and full-time study has risen by almost 400,000, an increase of 48 per cent.
- Wages grew at the slowest rate in more than two years over the past quarter but at a slightly faster pace than expected, denting the chances of another interest rate cut by the Bank of England next month.
- Pay growth excluding bonuses across the UK economy averaged 4.8 per cent in the three months to September, down from 4.9 per cent in the previous quarter, according to figures from the Office for National Statistics (ONS). Analysts had expected regular pay growth to hit 4.7 per cent.
- Including bonuses, salaries increased by 4.3 per cent on average in the past three months, up from 3.9 per cent in the previous three months, the agency said.

- Unemployment rose to **4.3** per cent in the quarter, up from **4** per cent in the previous three months. Economic inactivity – when someone does not have a job and is not looking for one – slipped to **21.8** per cent, the lowest level in nearly a year.
- Britain's economic inactivity problem is an outlier among rich countries, which have largely seen their labour force participation rate rebound to pre-pandemic levels. Vacancies slid by **35,000**, or **4** per cent, to **831,000**, the ONS said, a three-year low and down from a peak of **1.3** million in **2022**.

Vacancy data

- Vacancies fell to **978,000** for July to September 2024, an **11,000** decrease, marking **15** months of decline, with retail and manufacturing hit hardest (ONS).
- The vacancy rate dropped to **2.9%**, continuing from **3.0%**, reflecting cautious hiring trends (ONS).

Global news

- **Europe:** Eastern Europe faces ongoing labour shortages, while German unemployment rose to **5.8%**, and France's unemployment rate held steady at **7.1%** despite challenges.
- **US:** Job openings reduced to **8.9** million, indicating cooling in technology and retail, though healthcare hiring remains robust.
- **APAC:** Japan's unemployment held at **2.7%** amid recruitment difficulties in healthcare. In Australia, the participation rate declined to **66.4%** amid economic concerns.