



HIRING PARTY SET TO END AS FINANCE AND BUSINESS SERVICES EMPLOYERS PREPARE TO CUT JOBS

- **Finance & Business Services is negative for only the second time in a decade**
- **Transport, Storage and Comms reports most pessimistic quarter since 2010**
- **Utilities is a bright spot, driven by specialist hiring**

12 MARCH 2019: As the Brexit countdown reaches its final stages, ManpowerGroup's latest Employment Outlook Survey suggests that the boom in the UK jobs market is coming to an end. The national Outlook for the second quarter of 2019 has fallen to +4%, on a par with the weakest levels of confidence we have seen in recent years. More worryingly, the negative Outlook in the Business and Financial services sector – which employs nearly a fifth of all UK workers – suggests jobs are set to be lost in Britain's most important sector.

The ManpowerGroup Employment Outlook Survey is based on responses from 2,124 UK employers. It asks whether employers intend to hire additional workers or reduce the size of their workforce in the coming quarter. It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic statistic by both the Bank of England and the UK Government.

James Hick, Managing Director for ManpowerGroup Enterprise: "Against a bleak backdrop of low economic growth and Brexit uncertainty, UK employers have bucked the trend and kept on hiring. The UK jobs market has been like a party that no-one has wanted to leave, and the ONS recently reported a 440,000 increase in employment in the past year. However, this quarter we are seeing signs that the good times are coming to an end as several sectors have turned negative."

The Finance and Business Services sector has fallen five points to -1%, only the second time in the last decade it has been in negative territory. The sector has now recorded its least optimistic year since the depths of the financial crisis in 2009, with an average Outlook of just +2%. This aligns with a gloomy Outlook in London, the sector's engine room, where hiring intentions dipped to +1%, the lowest level in over a year.

Hick continues: "The Finance and Business Services sector employs around six million people and includes the likes of lawyers, bankers, architects and estate agents. Next quarter, employers in the sector are expecting job cuts. We should be under no illusions about just how serious this is – not just for those workers directly affected, but the UK economy as a whole.

"London's place at the centre of the financial world still looks uncertain. We have heard a lot about banks moving operations out of London, which is having an impact. Take Bank of America, which recently revealed that it has spent \$400m on moving employees and operations to Dublin and Paris, in preparation for Brexit. But it is not just uncertainty that is put the brakes on hiring in financial institutions. We are at the end of an unprecedented era of hiring to deal with huge compensation claims on the back of PPI and other mis-selling

charges. A whopping £32bn has already been paid out by the banks, requiring enormous amounts of administration and creating tens of thousands of jobs. With average pay outs of £3,000, PPI settlements were even stimulating automotive and retail sales – so while this may be a relief in many ways for the banks, it is less positive for other sectors.”

Another bellwether sector that is much more downbeat this quarter is Transport, Storage and Comms, which has now recorded a negative employment Outlook for three straight quarters, reaching -4% this quarter, its least optimistic Outlook since 2010. Hick again: “Companies are looking to stockpile storage space at the expense of hiring drivers, leading to negative hiring intentions in the sector. The UK Warehousing Association recently reported that three-quarters of UK warehouse owners say their space is full to capacity and storage costs have soared by up to 25% in the past three months – suggesting that many are more concerned about having somewhere to put their goods rather than the need to move them around.”

One bright spot is Utilities, which has powered back up to +11%, from +8% last quarter. It has been the most hungry-for-talent sector for the last two years. Hick again: “The upbeat sentiment in utilities may come as a surprise to some, with the big energy suppliers under real pressure to control costs and protect market share. But many newer, smaller utilities continue to hire apace, keeping up the pressure on their larger peers. At the same time, new investments in areas such as renewable energy and smart grids means we’re also seeing increased demand for specialist engineers.”

With ten out of the UK’s 12 regions reporting a fall in confidence since last quarter, the regional jobs party appears to be coming to an end, with some dramatic crashes in confidence. The East of England is, along with Wales (down nine points to 0), the biggest faller, down from +12% to just +3%. The North East is teetering on 0, down five points and the region’s lowest level since Q4 2015. Yorkshire (+5%) is down three points and also down on its average Outlook over the last two years.

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NOTES TO EDITORS

A ‘Net Employment Outlook’ is calculated by subtracting those employers who plan to reduce staffing levels from those who plan to hire staff. A positive result indicates that more employers plan to increase rather than decrease staffing levels; a negative result reflects the opposite. [% increase - % decrease]

Commentary and full details on every sector and region can be found in the survey report at manpowergroup.co.uk/meos, or by calling the Press Office on 0207 404 5959/ manpower@brunswickgroup.com

For international comparisons and visual library with graphs, visit manpowergroup.com

Commentary is based on seasonally adjusted data where available. Full survey results for each of the 43 countries and territories included in this quarter’s survey, plus regional and global comparisons, can be found in the ManpowerGroup Press

Room at www.manpowergroup.com/meos. In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Web site at: <http://www.manpowergroup.com/press/meos.cfm>

Note that in Quarter 2 2008, the Survey adopted the TRAMO-SEATS model for seasonal adjustment of data. As a result, you may notice some seasonally adjusted data points change slightly from previous reports. This model is recommended by the Eurostat department of the European Union and the European Central Bank, and is widely used internationally.

About the Survey

The world leader in innovative workforce solutions, ManpowerGroup releases the ManpowerGroup Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling over 59,000 employers in 44 countries and territories. The survey serves as a bellwether of labour market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report the *Monthly Monitor*. ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine where labour markets are headed.

About ManpowerGroup

ManpowerGroup® (NYSE: MAN), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing and managing the talent that enables them to win. We develop innovative solutions for over 400,000 clients and connect 3+ million people to meaningful, sustainable work across a wide range of industries and skills. Our expert family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for nearly 70 years. In 2019, ManpowerGroup was named one of Fortune's Most Admired Companies for the seventeenth year and one of the World's Most Ethical Companies for the ninth year in 2018, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: www.manpowergroup.com