



PRESS NOTICE

Report on Jobs

Embargoed until 00:01hrs UK Time, 3 September 2008

Permanent placements fell at sharpest rate for eighty-one months in August.

August's *Report on Jobs*, from the Recruitment and Employment Confederation and KPMG, signalled further weakening of the UK job market. Permanent placements fell at the sharpest rate since November 2001, while temp billings declined at a survey-record pace. Declining demand for staff and strongly rising candidate availability dampened pay pressures, with salary growth the weakest for over five years.

The *Report on Jobs*, published today by the Recruitment & Employment Confederation and KPMG, provides the most comprehensive guide to the UK labour market, drawing on original survey data provided by recruitment consultancies.

Kevin Green, Chief Executive, Recruitment and Employment Confederation (REC), says:

"The deteriorating economy is now having the expected negative impact on the labour market. The demand for both permanent and temporary workers is weakening, although it must be remembered that this follows a period of unprecedented high demand for staff. A positive benefit for the economy is the muted pay growth that the increase in the supply of candidates is creating. Even in these uncertain times, recruitment consultancies are still seeing continued demand for flexible staffing to meet businesses fluctuating people requirements."

Alan Nolan, Director at KPMG comments:

"The slide in the UK economy continues to hit the jobs market hard – with yet another sharp drop in recruitment."

"UK employers are continuing to control payroll costs through redundancies - and by refusing to take advantage of a growing (but increasingly unused) pool of skilled labour."

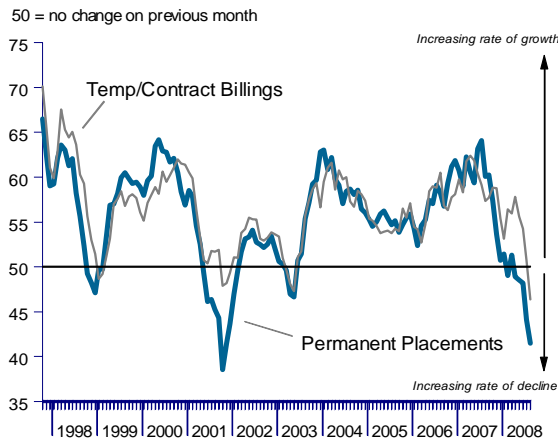
"These workers are starting to drift abroad in search of employment – and there is a risk that (when the market turns) the UK will be left behind by a skills shortage."

"Employers have to meet their fiscal obligations to HM Revenue and Customs in full and on time with stringent penalties and interest for non-compliance."

"It may now be time for Government to consider kick-starting the jobs market by relaxing this legislation - enabling the possibility of tax payment deferrals or 'holidays'."

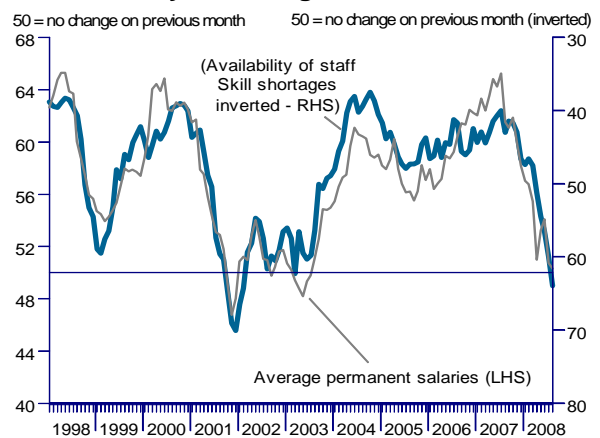
- **Marked decline in staff appointments...**
 Latest data from the survey of recruitment consultancies signalled a substantial drop in the number of people placed in permanent placements during August, with the rate of decline accelerating to the sharpest since November 2001. Agencies' temp billings also fell, and at a survey-record pace.
- **...as vacancies contracted further**
 Lower placements and billings reflected declining demand for staff. Permanent vacancies fell at the fastest pace for eighty months, while temp vacancies fell for only the second time in the series history.
- **Muted pay growth...**
 Recruitment consultants reported very modest rises in permanent and temporary staff pay in August, citing weak demand for staff and an improved supply of available candidates.
- **...reflected strongly rising candidate availability**
 Amid reports of recent redundancies and a lack of suitable jobs, the availability of staff to fill vacancies increased substantially in August. The supply of both permanent and temporary candidates increased at sharp and accelerated rates.

Staff Appointments via recruitment consultancies



Permanent placements fell at the sharpest rate in eighty-one months in August. Temporary/contract staff billings declined for the first time since May 2003, and at a series-record pace.

Staff Availability and Earnings Growth



Pay pressures are closely related to labour market tightness, as the above data from the survey of recruitment consultants shows. Inflation of permanent salaries eased to only a marginal pace that was the weakest in over five years.

Note to editors:

Full historical data from the Report on Jobs can be obtained from Jack Kennedy at Markit Economics (tel: 01491 418687 or email jack.kennedy@markit.com)

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Notes to editors:

The Report on Jobs is a monthly publication produced by Markit Economics on behalf of the Recruitment & Employment Confederation. The report features original survey data which provide the most up-to-date and comprehensive monthly picture of recruitment, employment and employee earnings trends available.

The Report features original research data from Markit Economics, collected via questionnaire from a panel of 400 UK recruitment and employment consultancies. In 2000, some 1,326,000 people were employed in either temporary or contract work through consultancies and over 450,000 people were placed in permanent positions through consultancies. Data for the monthly survey were first collected in October 1997 and are collected at the end of each month, with respondents asked to specify the direction of change in a number of survey variables.

With the exception of the Press Recruitment Advertising Index, 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.

KPMG

KPMG LLP, a UK limited liability partnership operates from 22 offices across the UK with nearly 11,000 partners and staff. The UK firm recorded a turnover of £1.6 billion in the year ended September 2007. KPMG is a global network of professional firms providing Audit, Tax, and Advisory services. We operate in 148 countries and have more than 113,000 professionals working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. KPMG International provides no client services.

Recruitment and Employment Confederation

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The REC is the representative association for the UK's £26.6 billion private recruitment and staffing industry with more than 8,000 recruitment agencies and 6,000 recruitment consultants in membership. There are over 1.3 million temporary workers registered with UK agencies and up to 1 million are deployed in industry, commerce and the public services every day.

About Markit

Markit is a financial information services company with more than 700 employees in Europe, North America and Asia. Over 1,000 financial institutions use our independent services to manage risk, improve operational efficiency and meet regulatory requirements.

About Markit Economics

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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