

# Fears of a recession ring true as data shows signs of labour market struggles

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Concerns that a recession is on the cards look set to come to fruition – perhaps earlier than expected – with the latest data from the Association of Professional Staffing Companies (APSCo) revealing difficulties in the UK's labour market.

While reports from the Office for National Statistics (ONS) showed small signs of economic growth in May following months of retraction, APSCo's June research suggests that the economy is feeling the effects of Government uncertainty, a cost-of-living crisis and substantial skills shortages.

Overall, the data - provided by the global leader in software for the staffing industry, Bullhorn - shows a slowdown in hiring between May and June. With May a quieter month for hiring activity due to the bank holidays, a drop from May to June suggests hiring is on a downward trajectory in the lead up to the summer months – bucking the usual trend of June recruitment spikes ahead of seasonal drops in July / August.

The number of permanent jobs added dropped -12% month-on-month in June, while contract positions fell -11%. Year-on-year comparisons show that permanent roles are on a downhill trajectory, down -2% between June 2021 and June 2022, though contract roles increased 5% in this period.

Pre-pandemic comparison paints worrying picture

While the hiring market is clearly beginning to slow, pre-pandemic comparisons paint a worrying picture for permanent positions, with the number of permanent jobs being created dropping 9% between June 2019 and June 2022. This suggests that the stability of the country's hiring market – and subsequently, the economy – is beginning to waiver.

Placements also dropped month-on-month for both contract and permanent roles, down -9% and -7% respectively. Although permanent salaries reported a 2% increase month-on-month, the annual -3% decline at a time when the UK is facing a cost-of-living crisis and rising energy costs is a concern.

Ann Swain, CEO of APSCo comments:

“A slow-down in hiring following the post-pandemic boom was to be expected, but in the current market and with talks of a potential recession in the pipeline, this decline is of concern. The UK's post-Covid economy has been hit with employment strikes, skills shortages, Government uncertainty and a cost-of-living crisis. With controversial changes to rules around using agency workers during strikes voted in and the country facing continued uncertainty alongside Governmental leadership changes, employers and the recruitment sector have been hit hard. Stability is crucial as we continue to navigate such an ambiguous market. As the trade body for the professional recruitment sector, we believe that there is more to be done to make the UK's employment sector competitive on a global scale. With recruitment activity slowing, we could be at a tipping point that sets the country on a downward trajectory unless swift action is taken.”

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