

This is the Bank of Scotland Report on Jobs. Compiled by Markit, the report is based on a monthly survey of over 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

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PERMANENT PLACEMENTS INCREASE AT STRONG, ALBEIT WEAKER, RATE IN MAY

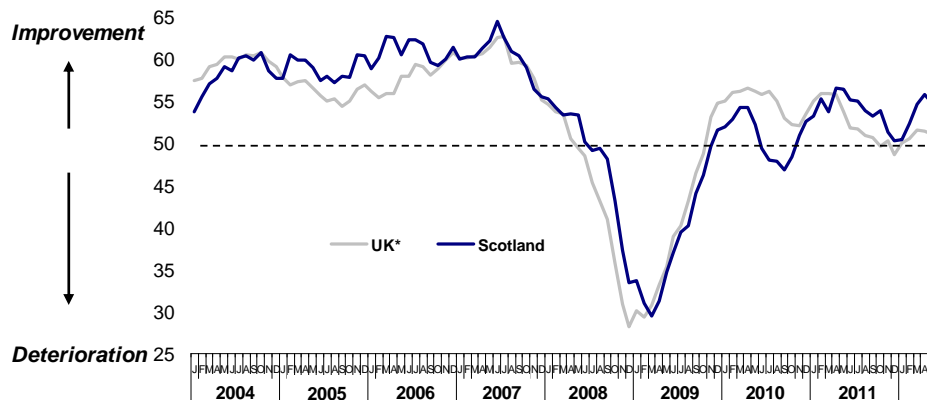
- Growth of permanent and temporary placements ease sharply from April's highs
- Permanent salaries increase at fastest pace in a year
- Edinburgh sees strongest rise in permanent placements; Glasgow posts fastest increase in temp staff billings

The latest Bank of Scotland Report on Jobs signalled a further improvement to the Scottish labour market in May. Both permanent and temporary placements rose strongly over the month, but at sharply reduced rates from the highs recorded in April. Recruitment firms generally attributed higher staff placements to greater client demand, with vacancy growth strong overall. The availability of permanent staff meanwhile fell further in May, while salaries rose to the greatest extent in a year.

The Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – posted 54.8 in May, suggesting a solid improvement in Scotland's job market. However, down from 55.8 in April, the Barometer signalled a weaker improvement than one month previously.

Bank of Scotland Labour Market Barometer

Index, 50 = no change in labour market conditions on previous month



	Scot	UK*
Apr'11	56.6	55.9
May	56.5	53.8
Jun	55.2	51.9
Jul	55.0	51.6
Aug	53.9	50.9
Sep	53.3	50.7
Oct	53.9	49.7
Nov	51.4	50.3
Dec	50.3	48.6
Jan'12	50.4	50.0
Feb	52.4	50.6
Mar	54.6	51.5
Apr	55.8	51.5
May	54.8	51.1

50 = no change on previous month.

*KPMG/REC Report on Jobs

Donald MacRae, Chief Economist at Bank of Scotland, commented: "The Scottish labour market continued to improve in May but at a lower rate than in the previous month. The number of people appointed to jobs rose while the number of vacancies for both temporary and permanent jobs increased sharply indicating demand for staff from employers. The Scottish labour market is showing resilience in the face of the global slowdown of 2012."

Regional analysis

- Permanent placements increased to the greatest extent in Edinburgh during May, while recruitment agencies based in Glasgow saw the strongest rise in temp staff billings.
- Aberdeen-based recruitment consultancies reported the strongest increase in the availability of both permanent and temporary staff in May.
- Edinburgh posted the fastest rate of pay inflation in the permanent job market; Dundee saw the strongest rise in temp hourly pay rates.

Wages and salaries

- Permanent salaries increased strongly in May, with the rate of pay inflation the fastest in a year.
- Temp hourly pay rates were unchanged from that recorded in April.

Employment

- Permanent placements increased strongly during May, but the rate of growth nonetheless slowed sharply from April's one-year high.
- Although strong overall, temp staff billings increased at the weakest pace in four months.

Vacancies

- Scottish recruitment firms reported a further rise in permanent job vacancies in May, but the latest increase was the weakest since February.
- Vacancy growth in Scotland's temporary labour market strengthened to its fastest rate since October 2011.

Availability

- The availability of permanent staff fell for the third month running, albeit only marginally.
- Temp availability increased in May, reversing some of the decline recorded in April.

Sectors

- May data indicated permanent vacancy growth in seven employment sectors, with the only exception Blue Collar. IT & Computing led the latest expansion, followed by Secretarial & Clerical.
- Seven sectors posted a larger number of temp vacancies in May. IT & Computing saw the strongest rise, as was the case in the permanent labour market, while the only sector to see a decline was Hotel & Catering.

Permanent Staff

1	IT & Computing
2	Secretarial & Clerical
3	Engineering & Construction
4	Hotel & Catering
5	Accounts & Financial
6	Nursing/Medical/Care
7	Executive & Professional
8	Blue Collar

Temporary/Contract Staff

1	IT & Computing
2	Secretarial & Clerical
3	Blue Collar
4	Accounts & Financial
5	Nursing/Medical/Care
6	Engineering & Construction
7	Executive & Professional
8	Hotel & Catering

(Ranked by strength of demand in Scotland in May 2012)

The Bank of Scotland Labour Market Barometer

A key tool in the Monthly Labour Market Report is the Bank of Scotland Labour Market Barometer. The Barometer is a composite indicator devised from four key measures: demand for staff; employment; availability for work (inverted); and pay in the permanent and temporary markets.

The Bank of Scotland Labour Market Barometer remained above the neutral 50.0 mark in May, signalling a further improvement in Scottish job market conditions. At 54.8, the Barometer was above both its long-run series average of 53.4 and the equivalent index for the UK. However, down from 55.8, the Barometer indicated a weaker improvement from that registered in April.

All four constituents of the Bank of Scotland Labour Market Barometer exerted a positive effect in May, but only overall pay made a stronger contribution than in April.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
11 May	58.1	53.1	57.8	59.7	57.3	59.5	46.8	54.5	47.2	55.8	54.2	55.7
Jun	56.3	55.9	56.2	58.1	55.7	58.0	46.9	55.4	47.4	53.9	55.3	54.0
Jul	57.1	58.7	57.2	59.9	58.6	59.8	50.8	53.5	50.9	53.8	54.2	53.8
Aug	56.4	58.7	56.6	58.8	60.0	58.9	53.8	52.7	53.8	53.7	55.0	53.8
Sep	53.0	55.0	53.1	57.9	60.5	58.1	52.3	56.7	52.6	54.6	52.0	54.5
Oct	57.9	53.6	57.6	54.2	58.6	54.4	50.8	57.4	51.2	54.5	54.0	54.5
Nov	51.5	46.6	51.2	52.5	55.2	52.6	48.2	57.1	48.7	50.4	50.5	50.4
Dec	47.4	49.5	47.5	50.9	53.0	51.1	47.8	52.8	48.1	50.8	50.9	50.8
12 Jan	52.3	55.4	52.5	50.1	50.9	50.2	49.1	56.7	49.6	48.2	52.4	48.4
Feb	56.4	56.5	56.4	53.8	52.2	53.7	52.7	55.6	52.8	52.2	53.2	52.2
Mar	53.3	57.0	53.5	58.3	54.1	58.1	46.7	50.0	46.9	53.8	54.7	53.8
Apr	59.9	60.6	60.0	58.9	56.5	58.7	46.6	46.6	46.6	51.3	52.7	51.3
May	55.9	55.5	55.9	57.5	57.7	57.5	49.1	52.3	49.3	55.5	50.0	55.2

Notes for Editors

The Labour Market Barometer from Bank of Scotland is an average of survey indices relating to the demand for staff, permanent placements, temporary billings, staff availability, salaries awarded to permanent staff and average hourly rates for temp/contract staff. (The index for staff availability is inverted in the amalgamation process.)

This report, compiled by Markit, is based on a monthly survey of over 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the KPMG/REC *Report on Jobs* survey for the UK, which uses an identical methodology. The KPMG/REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

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For further information, contact:

Zoe Redhead, Bank of Scotland Press Office

Tel: 0131 655 5405 / 07809 551491

Email: zoeredhead@bankofscotland.co.uk

Web: www.lloydsbankinggroup.com/media.asp

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