

Global employment

Employment falls sharply again in July, but pace of job losses eases

Employment decline eases

The Employment Index from the Global PMI series, compiled by Markit on behalf of JPMorgan and covering 26 countries, held steady at 44.1 in July. By remaining well below the 50.0 no change level, the Index signalled a further sharp fall in worldwide employment. Jobs have now been cut in private sector services and manufacturing for 15 successive months. The rate of job losses has eased since the record pace seen earlier in the year.

Looking at the US, UK, Eurozone and Japanese labour markets, job losses appear to have peaked at 1.8m in March according to official data (March is the latest month for which official data are available for all of these countries). Based on a combination of PMI data and more up-to-date official data that are available for some countries, notably the US, Markit estimates that the rate of job losses has eased to around 800,000 per month in July. This includes the 247,000 drop in US payroll numbers in July.

Better order books point to further slowing in job losses

At first glance, the stabilising of the Global PMI Employment Index at a level well below 50.0 in July is a concern as an improved labour market is a requirement for a robust sustainable economic recovery. However, looking at the detail by country, the failure of the index to rise was mainly attributable to a fall in the US non-manufacturing survey's index, and high volatility in this series raises doubt about its accuracy as an indicator of actual employment trends on a month-to-month basis. Instead, the fact that upward movements in Employment Indices for the US manufacturing survey and most other countries were evident in July (see page 2), and the rate of decline of global new orders eased sharply again (see chart 2), suggests strongly that the rate at which companies are cutting staff will continue to moderate in coming months.

Chart 1: US, UK, Eurozone and Japanese employment

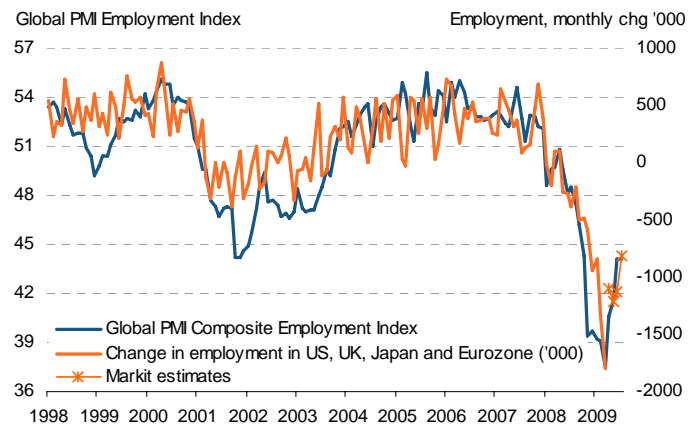


Chart 2: Global employment and order books

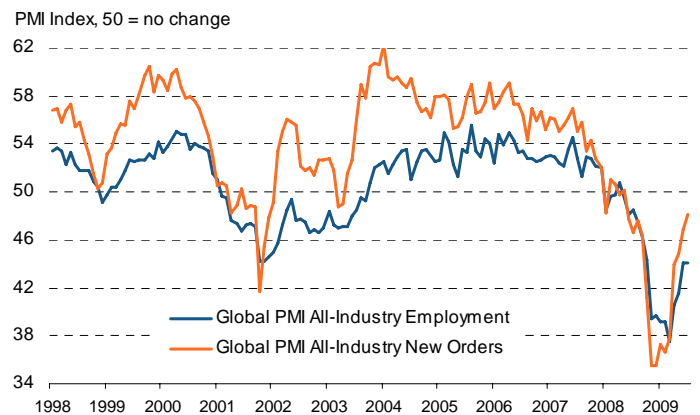


Chart 3: Global employment by sector

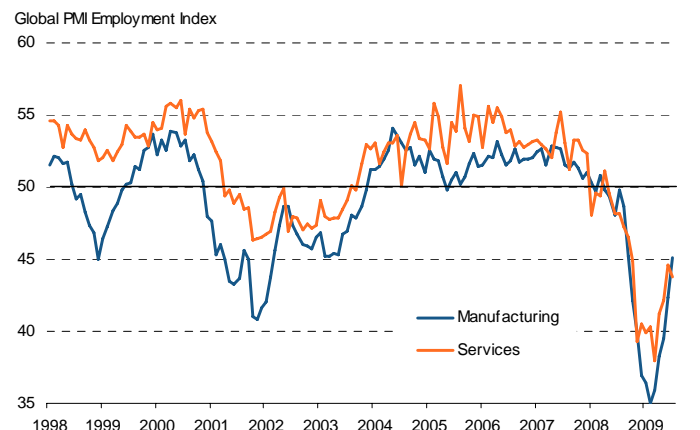


Chart 6: US employment

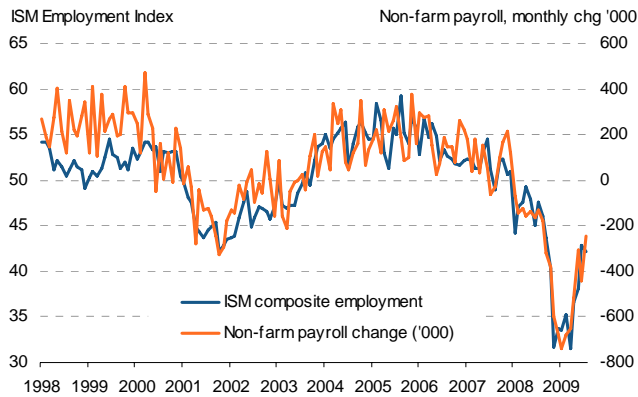


Chart 8: UK employment

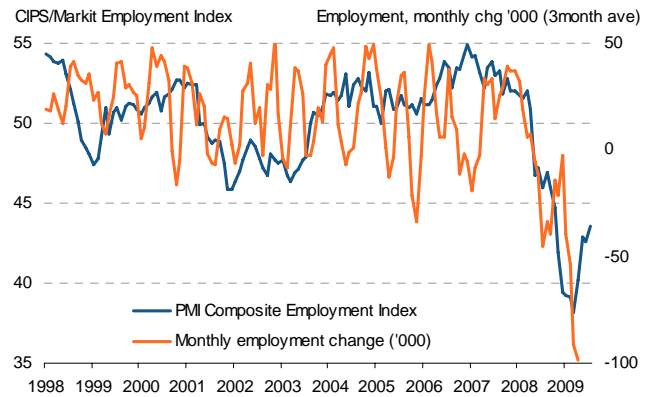


Chart 7: Eurozone employment

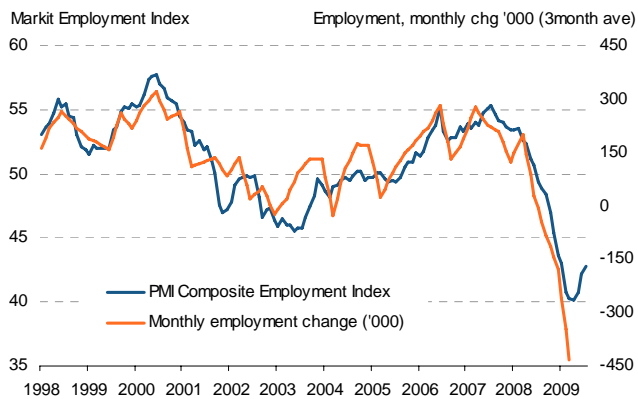
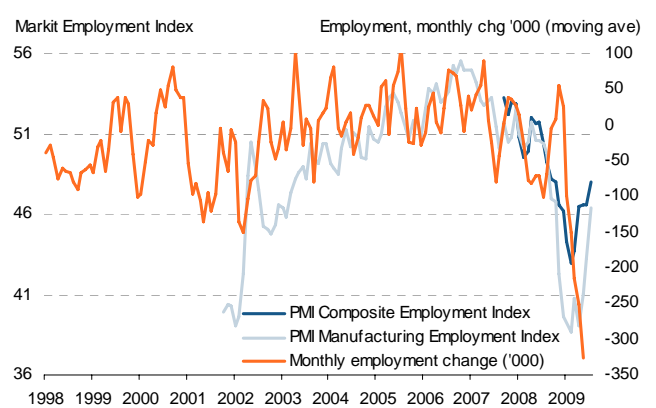


Chart 9: Japanese employment



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