

Global employment

Worldwide employment showed smallest fall for eight months in June

Job cutting eases for third month running

According to the latest official data, we estimate that some 10.5 million jobs have been lost in the US, the UK, the Eurozone and Japan combined since the grip of the downturn tightened in May of last year¹ (see chart 1). Some 1.8m jobs were lost in March alone as the rate of decline gathered paced in the early months of 2009. However, based on PMI survey data, we estimate that this rate has slowed to just below one million in June.

The Employment Index from the Global PMI series, compiled by Markit on behalf of JPMorgan and covering 26 countries, rose for the third month running in June, climbing to a level only just below that seen last October. The Index remained firmly below the 50.0 no change level, signalling a fall in total worldwide employment for the fourteenth successive month, but the rise in the Index reflected an easing in the pace of job losses to a rate substantially weaker than the peak seen in February (which saw employment fall 1.6% on a year ago – the latest month for which global employment data are available, see chart 2).

The manufacturing sector continued to lead the global jobs downturn according to the PMI data, reporting a steeper rate of job losses than services for the seventh month running. However, although the pace remained strong by historical standards of the surveys in both sectors, both have reported a marked easing in the rate of decline from past peaks seen during the financial crisis (see chart 3). This easing is linked to the recent slower rate of decline of new orders, which – measured across both manufacturing and services – fell globally in June at the slowest pace since last August (see chart 4 on page 2).

Chart 1: US, UK, Eurozone and Japanese employment

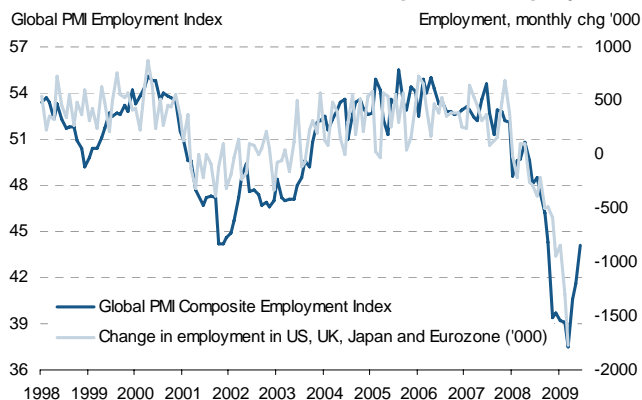


Chart 2: Global employment

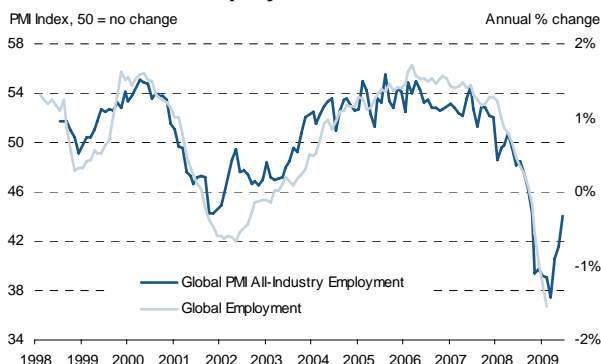
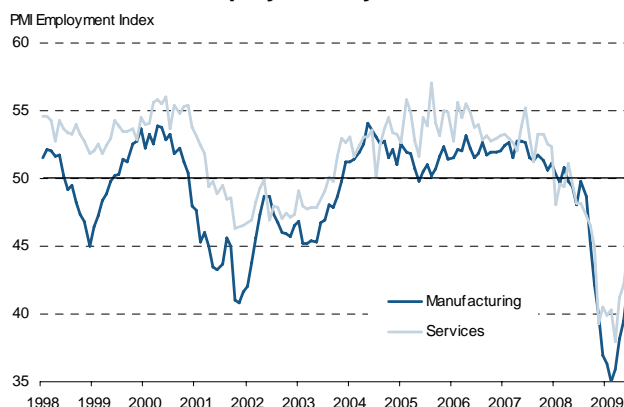


Chart 3: Global employment by sector



¹ Based on official data to June in the US, May in Japan and March in the Eurozone and UK. PMI-based estimates applied to the UK, Japan and the Eurozone for missing data to June.

Chart 4: Global employment and order books

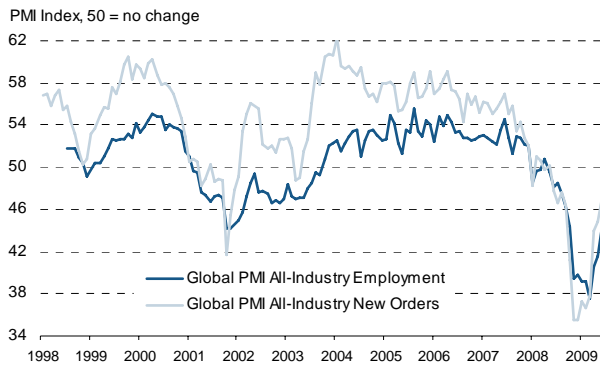
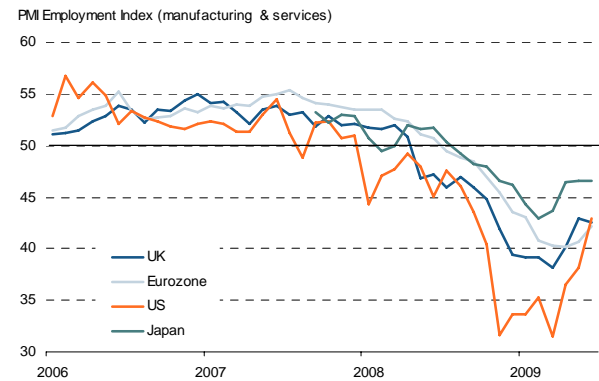


Chart 5: PMI Employment Indices by country



Rate of job losses eased sharply in the US

Looking at the world’s largest economies, PMI surveys have shown that the rate of job losses has slowed particularly sharply in the US, which had seen a markedly higher rate than other key economies in previous months of the crisis. The US, the UK and the Eurozone consequently all reported similar rates of employment decline in the PMI surveys for June, with the latter now seeing the fastest pace of contraction (albeit by only a small margin).

Of note, the UK PMI surveys provided a cause for concern, with an increase in the rate of job cutting contrasting with the substantial easings seen in the country during the previous two months. Similarly, the rate of decline failed to ease further in Japan, though remained weaker than in the US, the UK and the Eurozone.

The loss of some of the upward momentum for the employment indices in Japan and the UK suggest that companies remain under intense pressure to reduce costs in the face of weak demand and financial constraints, which in turn is likely to suppress consumer spending in coming months.

See page 3 for more detail on national employment trends.

Chart 6: US employment

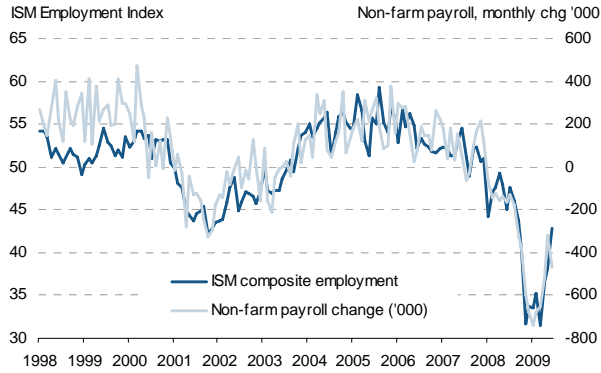


Chart 8: UK employment

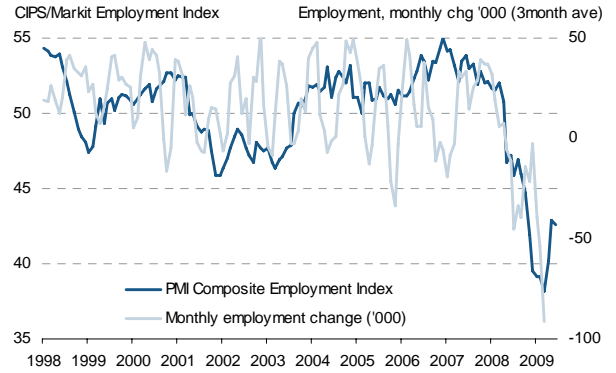


Chart 7: Eurozone employment

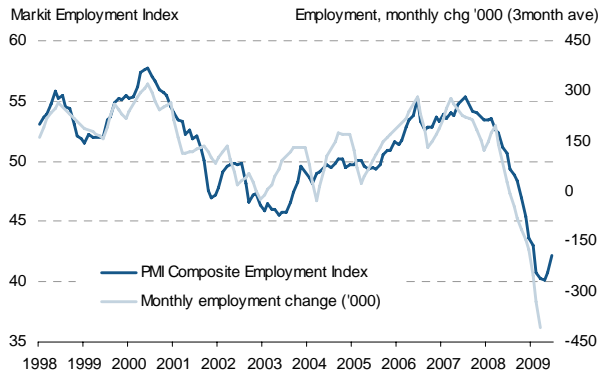
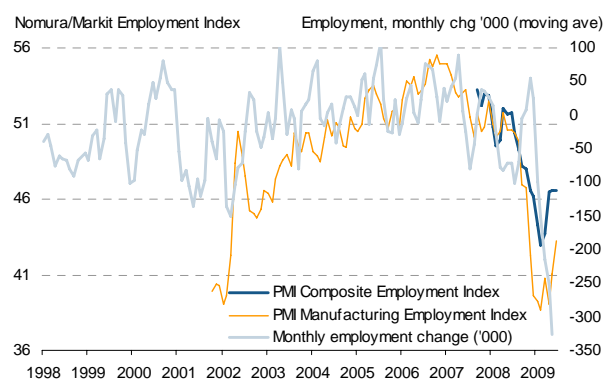


Chart 9: Japanese employment



Chris Williamson

Chief Economist

Markit

Tel: +44 20 7260 2329

Email: chris.williamson@markit.com

For further information, please visit www.markit.com

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.