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UNDER STRICT EMBARGO:

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SHOCK RISE IN UK HIRING CONFIDENCE AHEAD OF SPRING STATEMENT

- **Despite economic warning signs, employer confidence is on the rise**
- **Post-Brexit skills fears have stoked demand in hospitality sector**
- **Signs of faltering confidence in Construction sector may point to trouble ahead**

13 MARCH 2018: On the day of the Chancellor's first Spring Statement, ManpowerGroup reveals employers have recorded their most optimistic jobs forecast in over a year, with a national Outlook of +6%. This unexpected lift comes amid sluggish macro-economic data and continuing uncertainty about how we will leave the EU, despite the Brexit clock ticking. But there are worrying signs that surface-level optimism is masking a more uncertain reality, so ManpowerGroup today joins calls for the Chancellor to commit to long-term policies around skills which will give UK businesses the clarity they need to invest for the future.

The ManpowerGroup Employment Outlook Survey is based on responses from 2,102 UK employers. It asks whether employers intend to hire additional workers or reduce the size of their workforce in the coming quarter. It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic statistic by both the Bank of England and the UK Government.

James Hick, Managing Director for ManpowerGroup Enterprise: "Against a backdrop of turmoil in the global markets and continuing national uncertainty, the rise in the national Outlook, to its strongest level in over a year, has confounded expectations. However, this surprise jump in confidence could actually be a mirage."

Hick continues: "Take the best-performing sector, Hospitality, which is up seven points to +16%, a huge fourteen-point rise since this time last year. On the surface, this might look like a sector that is firing on all cylinders, but this is at odds with the almost daily diet of news about struggles in the sector, such as Jamie's Italian, which is closing a third of its sites and Byron Burger, which is closing up to 20 branches as part of a rescue plan. Our view on the data is that it shows how desperate employers are to fill vacancies in an industry that is heavily dependent on immigration, with up to 24%¹ of all staff coming from the EU. Given that the sector employs around 3 million people, losing that proportion of the workforce would leave a shortfall of three-quarters of a million people. In recent weeks we've seen more reports that the number of EU workers arriving in the UK is falling – particularly those from eastern Europe – and employers are racing to make up the shortfall."

¹ KPMG report on labour migration in the hospitality sector, March 2017
<http://www.bha.org.uk/wordpress/wp-content/uploads/2017/05/BHA-EU-migration-final-report-170518-public-vSTC.pdf>

The importance of ensuring that hospitality industry has the skills it needs to thrive is recognised across the sector. Kate Nicholls, CEO of UKHospitality, the trade association for the hospitality industry, comments:

“Generating £130bn in revenue each year, the hospitality sector is a key driver of the UK economy. Due to our rapid growth and strong trajectory, a high proportion of our skilled teams come from outside the UK. In order to keep the sector growing we need a new ministerial champion and sector deal that encourages increased, sustainable investment in skills and world-class careers.”

Now that the Bank of England has warned that it plans to raise interest rates at an accelerated pace over the next two years, there’s also a question mark over the impact this will have on the economy. We are seeing early signs of caution in the bellwether sectors of Manufacturing and Construction, which are often the first to show signs of economic strain. Manufacturing is down by three points to +4%, a sign that the Brexit currency boost to the sector might be coming to an end.

Hick again: “The Construction sector has experienced a huge drop in hiring confidence this quarter, with a six-point fall to just +1%, down 12 points on this term last year. This chimes with recent PMI data showing a slowdown in all activity, even housebuilding, which saw its worst performance since July 2016. Despite political commitments around housing, the data raises questions around the future of policies such as Help to Buy. This uncertainty is causing developers to sit on their hands – a stance which may have been exacerbated by the recent house price falls in London.”

With a sluggish housing market and a flat Outlook in finance and business services (+6%), London sits towards the bottom of the regional table with an Outlook of +2%. Only Yorkshire and the Humber is more pessimistic with a seven-point fall to +1%. Meanwhile, the picture is a bit rosier in some other parts of the country. The East tops the regional charts at +10%, and although confidence in the East Midlands (+9%) and West Midlands (+9%) has fallen two points each from last quarter, they are still riding high in the regional table, and the Midlands remains a strong engine for national growth.

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NOTES TO EDITORS

A ‘Net Employment Outlook’ is calculated by subtracting those employers who plan to reduce staffing levels from those who plan to hire staff. A positive result indicates that more employers plan to increase rather than decrease staffing levels; a negative result reflects the opposite. [% increase - % decrease]

Commentary and full details on every sector and region can be found in the survey report at manpowergroup.co.uk/meos, or by calling the Press Office on 0207 404 5959/ manpower@brunswickgroup.com

For international comparisons and visual library with graphs, visit manpowergroup.com

Commentary is based on seasonally adjusted data where available. Full survey results for each of the 43 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found in the ManpowerGroup Press Room at www.manpowergroup.com/meos. In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Web site at: <http://www.manpowergroup.com/press/meos.cfm>

Note that in Quarter 2 2008, the Survey adopted the TRAMO-SEATS model for seasonal adjustment of data. As a result, you may notice some seasonally adjusted data points change slightly from previous reports. This model is recommended by the Eurostat department of the European Union and the European Central Bank, and is widely used internationally.

About the Survey

The world leader in innovative workforce solutions, ManpowerGroup releases the ManpowerGroup Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling over 58,000 employers in 43 countries and territories. The survey serves as a bellwether of labour market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report the *Monthly Monitor*. ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine where labour markets are headed.

About ManpowerGroup

ManpowerGroup® (NYSE: MAN), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing and managing the talent that enables them to win. We develop innovative solutions for over 400,000 clients and connect 3+ million people to meaningful, sustainable work across a wide range of industries and skills. Our expert family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for nearly 70 years. In 2017, ManpowerGroup was named one of the World's Most Ethical Companies for the seventh consecutive year and one of Fortune's Most Admired Companies, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: www.manpowergroup.com