

Job vacancies at record high – Bank rates set to rise

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OB vacancies hit a record high and unemployment is down to where it was prior to Covid 19 official figures show, strongly suggesting that interest rates will rise next month.

The Bank of England held off on a rate rise last week, to the chagrin of many in the City, partly as it waited to see how the jobs market would hold up after furlough ended in September.

Figures from the Office for National Statistics today show that there were 160,000 more workers on payrolls in October than in September despite the end of the furlough scheme, widely praised as one of the most successful government interventions ever.

Unemployment stands at 4.3% and there are 1.17 million job vacancies.

Jack Kennedy, UK economist at [Indeed](#), said:

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“This data speaks volumes about the strength of the jobs

market. For months the drumbeat of job creation has been getting steadily louder, and it barely skipped a beat as the furlough scheme was ending.”

Employers complain that they are struggling to hire enough staff to keep up with demand, especially with Christmas looming.

Even City economists who previously thought the Bank would hold off on a rate rise until the new year are now pencilling in December for a move up from historic lows of 0.1%. A rise to 0.25% is expected.

Kitty Ussher, Chief Economist at the Institute of Directors, said:

“There is nothing here to give the Bank of England pause for concern when deciding whether to raise interest rates in response to rising expectations of inflation.”

Thomas Pugh, economist at RSM UK, said: “The labour market appears to have escaped the end of the furlough scheme relatively unharmed. If the official data for October tells a similar story, which we think it will, then a major obstacle preventing the Monetary Policy Committee (MPC) from raising interest rates in December will have been removed.”

While the labour market is healthy, concerns remain about the rising cost of living. Inflation figures tomorrow are likely to show that the squeeze is on for many households, as the cost of food and fuel keeps rising.