

## Contractor calculator market report - January 2008

- o Monster Online Recruiting Index drops 14 points in seasonal slowdown
- o Demand for IT to pick up by 6-10% in January
- o Engineers see 15-25% rise in demand in coming year
- o Construction Index up 3 points in December
- o British economy will see 3-month slowdown followed by significant pick up

Contractors saw a typical slowdown in December across all sectors. This is entirely normal and should not be seen as an indication of market weakness.

"Approximately half of the Index's decline in December 2007 can be attributed to seasonality as employers naturally scale back their hiring activities during the final month of the year," said Steve Pogorzelski, executive vice president, Global Sales and Customer Development at Monster Worldwide. "The Index has consistently shown a seasonal slowdown every December since its inception, which is usually followed by a sizeable rebound in the months that immediately follow. The modest rise in January 2007 was the only exception, so it will be interesting to see the Index's January 2008 results when they are released next month."

### Contractors Dominate Online Recruitment

A slowdown in online recruitment does affect contractors, since contractors now constitute nearly 70% of the unique users on job boards in the UK, according to the London-based National Online Recruitment Audience Survey. So contractors can expect to see an improved offer in January as companies continue to target them online.

### IT Skills Advantage

According to the Yoh Index of technology, both global demand, and demand specific to the UK IT workers will continue to grow by about 6-10% in early 2008. Specific skills are clearly to reap the lion's share of this bounty. Possibly one of the most lucrative skills areas is SAP where Yoh expects a rise in demand of up to 85%.

Another area clearly to be targeted is telecommunications, with Help Desk demand expected to rise by 45% early this year. As companies continue to expand their application portfolios, more help desk and technical support experts will be needed to support those systems, according to a study by the Oakbrook Terrace, Illinois-based international IT trade organisation CompTIA. And much of that expertise will need to be on-premises, with only a fraction of the work being shifted to overseas call centres in places like Bangalore, India. Demand for support staff will remain strong as commercial applications from vendors such as IBM and Microsoft continue to become more complex,

Other skills CompTIA sees increased demand for are AJAX, .Net, and PHP skills as the push for Web applications at companies everywhere continues. There is talk at this point that Microsoft's Silverlight will create increased demand for rich-media software tools, but that is still speculative.

On the senior level, project management experience is much sought-after. But the demand is for managers with a serious track record, not for those who have just obtained PMP certification, CompTIA says. Managers who can demonstrate business skills will merit the highest hourly rates, according to CompTIA. Other skills to look to are security-related, especially for wireless, and all database analysis.

### Engineers Still Enjoying Booming Market

The Yoh Technology Index sees engineers enjoying about a 15-25% rise in demand over the coming year in the UK. Although infrastructure development will be down as government slows spending, private projects in construction along with the Olympics are creating demand. Then several areas in which the UK has burgeoning industry are in constant search of engineers: oil and gas is of course the principal sector, with nuclear energy becoming increasingly important. "This has been a candidate-led market for some time, but this is now more acute," says David Allan, business manager, Energy Sector for recruitment specialist Munro Consulting. "When oil prices are high companies and people do well and bonuses are high. People are therefore keen to stay in their jobs to earn these bonuses."

But few of us realise that the UK automotive sector is also driving demand for engineers. Yes, Rover is no longer here, but there is a great deal of project work and R&D under way in the UK, according to the Society of Engineers. A number of Continental automakers have moved their R&D to the UK where there is a skills base and a reasonable salary level without excessive union involvement.

### Construction Is Stable

Meanwhile the construction sector in the UK appears to be brushing off the impact of economic gloom, according to a survey by the Chartered Institute of Purchasing and Supply released on January 1. The monthly purchasing managers index from the rose to 56.0 in December from 54.3 in November. What this means is that the construction sector keeps growing despite economic changes.

### An Economic Year in Two Halves

And what about the economy? Contractors should disregard all the brou-ha-ha in the general press, and try to understand what is really happening. Yes, there is a credit crunch, but that doesn't apply to the entire economy, only to consumers who wish to borrow. So they won't borrow much. But they will still have jobs and spend money.

In financial services, the credit crunch affects investment bankers who want to make highly geared deals. They can't make so many of these anymore, and that will hurt bonuses in the key financial services sector. But they can make other kinds of deals, so the financial services sector will get on all right.

Yes, mortgages are more expensive. And energy prices are jumping. And the pound will fall (but it's been so overvalued for so long that one can't see much effect there). So consumers are scared, and they didn't spend as much for Christmas.

But what we will see, says Oliver Gilmartin, senior economist Royal Institute of Chartered Surveyors, is a year in two halves. "For a few months the economy will slow, the pound will fall, and the Bank of England will cut interest rates. The falling pound will help manufacturing. The labour market remains firm with vacancy levels strong. "Don't expect employment to affect the economy," Gilmartin says.

Then, in the second half of the year, the economy will pick up again. Consumer confidence will return. The financial services sector will have written off the subprime-related losses. And, buoyed by a strong economy in Europe, we'll all start doing well again.

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