

22 February 2010

Job security fears highlight fragility of labour market

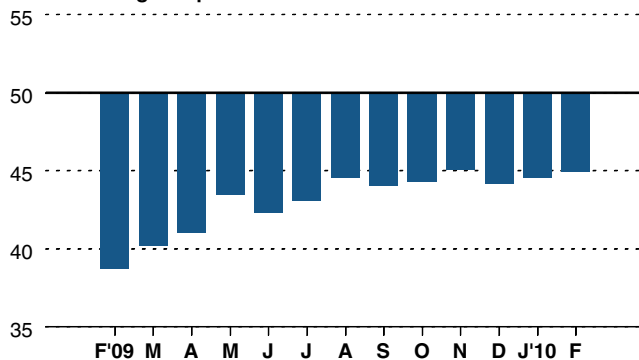
- **Household finance survey signals deterioration in job security.**
- **Stagnating incomes also a major concern.**

The fragile labour market is having a major impact on households' finances, according to the latest Markit/YouGov survey. Job security was perceived to have deteriorated for a thirteenth consecutive month during February, while income levels remained broadly static.

Employees in both the private and public sectors reported that their jobs were less safe than one month ago. Those working in construction signalled the sharpest deterioration.

Job security

50 = no change on previous month



Although less marked than one year ago, when the downturn was at its most severe, job worries have failed to significantly recede despite recent signs of stabilisation in the labour market (latest data from the Office for National Statistics showed a second consecutive fall in unemployment in the three months to December.)

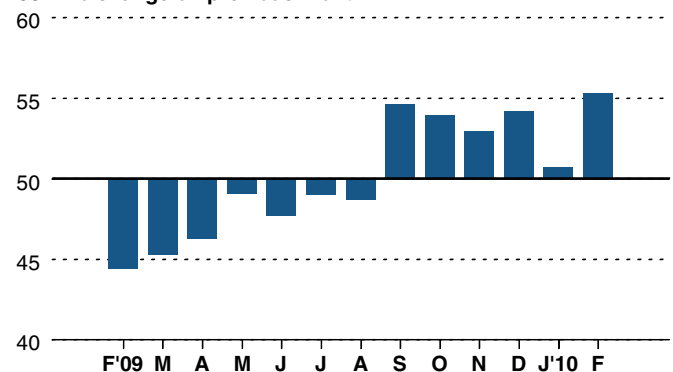
It would therefore appear that workers fear job cuts may still be in the pipeline, as employers adopt a wait-and-see approach in assessing the strength of economic recovery and their subsequent staffing requirements.

On this front, there was some encouragement to be found from a further rise in activity levels at respondents' places of business during February. Workloads increased at the strongest pace in the 13-

month series history, led by the IT/Telecoms, Media/Culture/Entertainment and Other Services sectors.

Activity at work

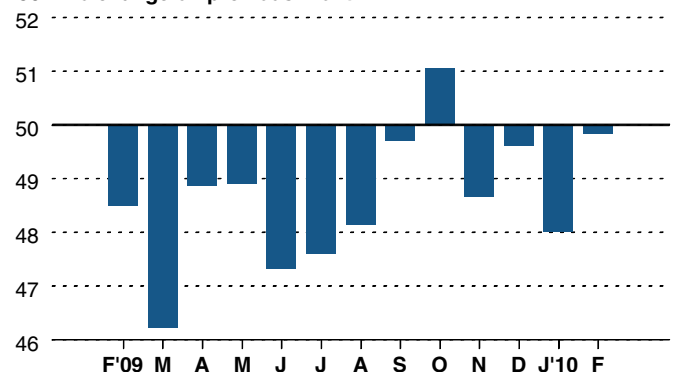
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Another key concern for households in February was a stagnation of their income from employment. Income levels have fallen throughout much of the survey's history. With consumer price inflation hitting a 14-month high of 3.5% at the start of 2010, household budgets are clearly under increasing pressure.

Income from employment

50 = no change on previous month

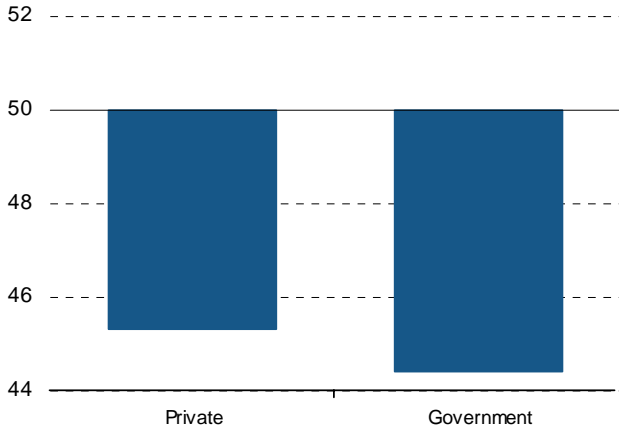


However, the squeeze may be set to moderate, as survey participants are optimistic that their incomes will increase during the next 12 months. Private sector workers are more confident than those in the public sector, reflecting anticipated tighter government spending after the general election. By region, households in London and Scotland expect the strongest improvements in future income levels.

February data: Compared to one month ago, how secure do you think your job is?

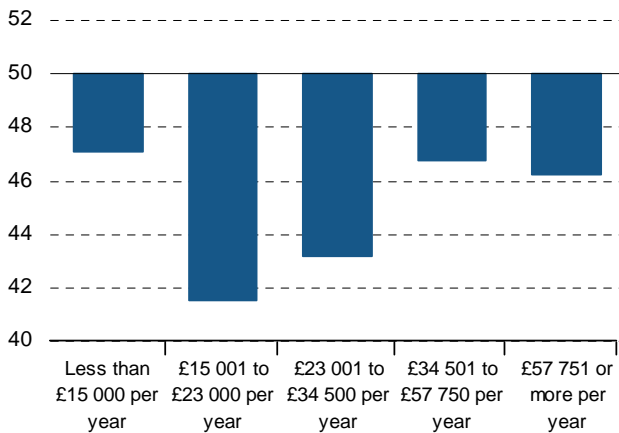
Public v private

50 = no change on previous month



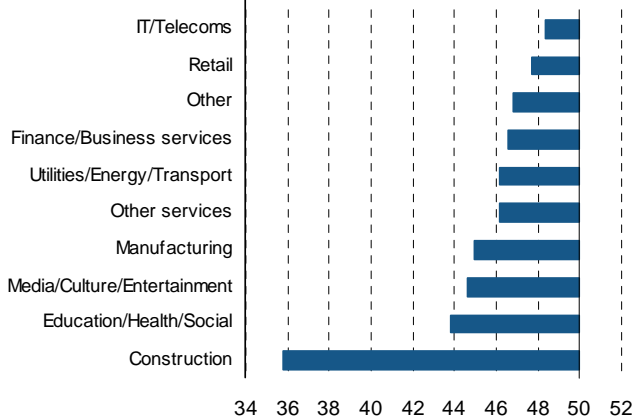
By income

50 = no change on previous month



By sector

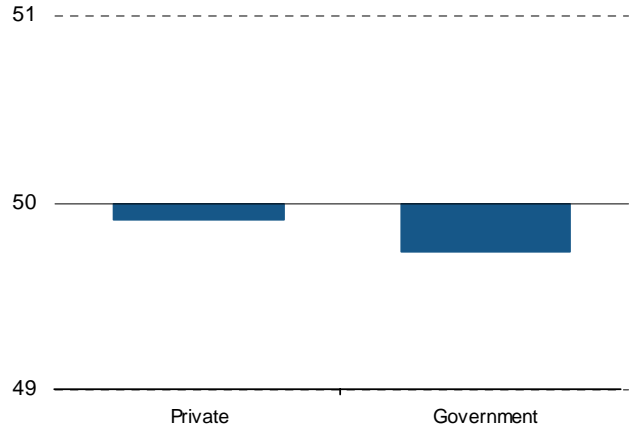
50 = no change on previous month



February data: Compared to one month ago, how has the level of income from your employment changed?

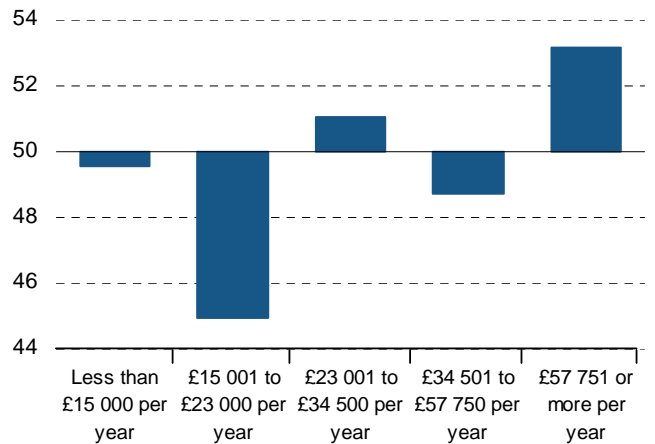
Public v private

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By income

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By sector

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