

# UK labour market

## Unemployment approaches 2 million as job market continues to weaken

- **Jobless rate rises to 6.1% amid flurry of redundancies and sharp drop in hiring.**
- **Post-Christmas job cuts point to dire prospects for early 2009.**

Latest figures from the Office for National Statistics (ONS) continued the flow of dismal data regarding the state of the UK labour market. Unemployment rose by 131,000 to 1.92 million in the three months to November, the highest since 1997.

During the same period, 225,000 people were made redundant – the biggest increase since comparable records began in 1995. The inability of many of these workers to quickly find new jobs underscores the severity of the drop-off in hiring – clearly illustrated by recent data from the KPMG/REC Report on Jobs.

Chart 1 shows a historical comparison between the Report on Jobs Permanent Placements Index and official unemployment. At its current record low, the index corresponds with a rise in joblessness of roughly 175,000 during the three months to December. That would imply an unemployment figure of close to two million at the end of 2008.

Many analysts expect that unemployment will accelerate further in the early part of 2009 as companies shed staff in the aftermath of the Christmas period; already a spate of job cuts have been announced by firms in the retail, finance and car manufacturing sectors.

The next insight will be provided by the Report on Jobs, released February 4<sup>th</sup>, covering the January data period. To find out how to receive the report please contact [economics@markit.com](mailto:economics@markit.com).

Chart 1: Unemployment

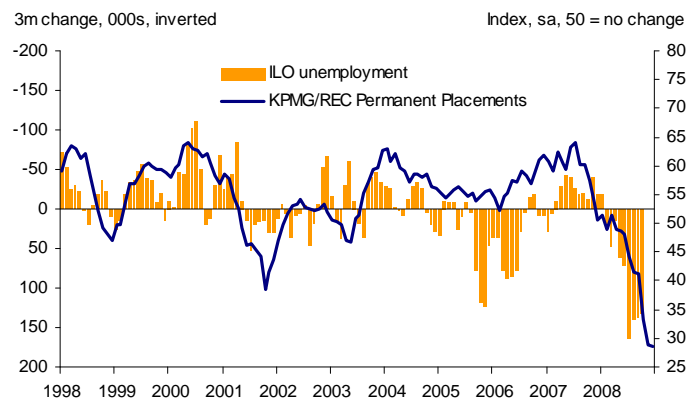
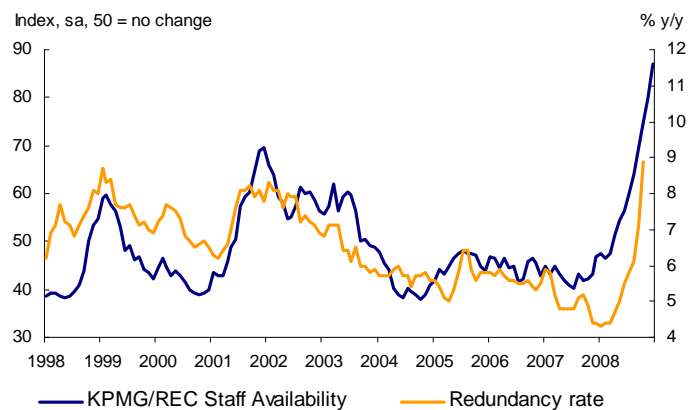


Chart 2: Redundancies



Sources: Markit Economics, Office for National Statistics.

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