

# UK labour market

## UK unemployment increasing at slower pace, in line with survey data

- **Rise in unemployment eases, mirroring trend in economic growth.**
- **But jobless total hits 12-year high and looks set to climb much further.**

Latest figures from the Office for National Statistics signalled that UK unemployment climbed to a 12-year high of 2.26 million in the three months to April (see chart 1). However, the latest rise of 232,000 was below the 244,000 increase seen during the first quarter of 2009.

Moreover, the rise in the number of people claiming benefits was much less than consensus forecasts. The jobless total rose 39,000 in May to 1.54 million, against expectations for a 60,000 gain.

The official figures corroborated recent data from the KPMG/REC Report on Jobs, produced by Markit, which has also signalled an easing in the rate of labour market deterioration in recent months. May's survey indicated that permanent staff placements fell at the weakest pace in ten months, while temporary staff billings declined at the slowest rate since last September (see chart 2).

The findings also chimed with evidence from the CIPS/Markit PMI surveys, which have signalled a recovery in economic output over the past three months and suggest that an end of the recession may be close. The PMI employment index has posted a concurrent easing in the rate of decline during this period, although it continues to lag output (see chart 3).

Despite recent improvements, it is important to recognise that both the Report on Jobs and PMI indices remain consistent with historically sharp falls in employment. Even if the pace of deterioration continues to slow, it is unlikely to prevent the unemployment total rising considerably further, and a peak of over 3 million still appears plausible. The labour market therefore remains a key concern in respect of its likely dampening impact on any economic recovery, notably through a weakening of consumer spending.

Chart 1: UK unemployment

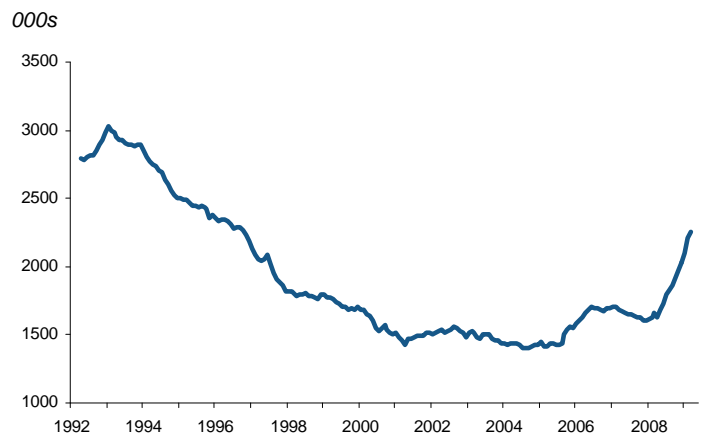


Chart 2: Change in jobless v permanent placements

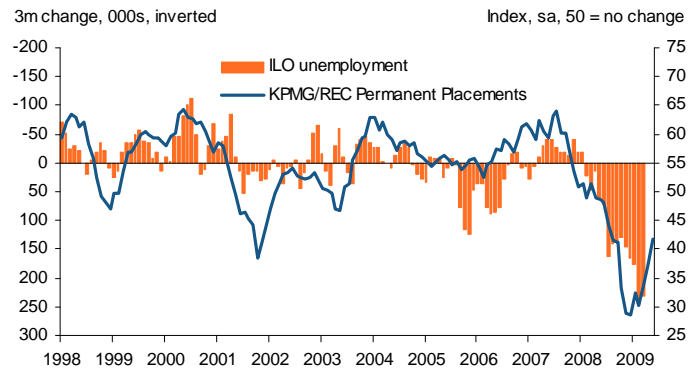
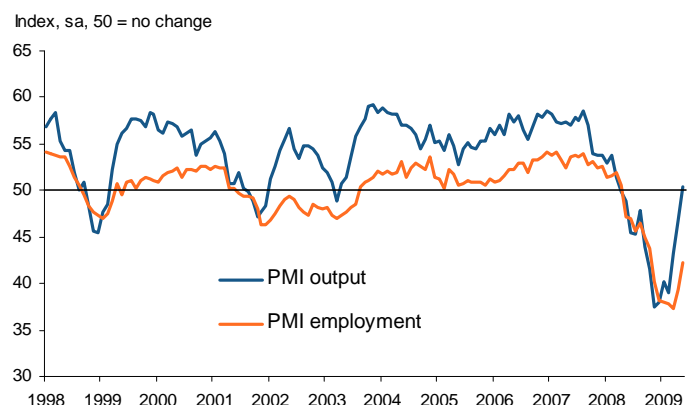


Chart 3: UK PMI whole economy data



Sources: Office for National Statistics, Markit Economics.

---

The next snapshot of labour market conditions will be provided by the Report on Jobs, released 8 July, covering June data. To find out how to receive the report,

and also for enquiries relating to the PMI surveys, please contact **[economics@markit.com](mailto:economics@markit.com)**.

---

## Jack Kennedy

### Economist

Markit

Tel: +44 1491 461 087

Email: [jack.kennedy@markit.com](mailto:jack.kennedy@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.