

# UK DATA RESPONSE

14<sup>th</sup> Dec. 2011



## Labour Market Data (Oct./Nov.)

### Self-employment on the rise

- **Unemployment is still rising – and would be increasing far more rapidly were it not for large numbers of workers becoming self-employed. We expect unemployment to rise much further as the economy relapses into recession.**
- The most positive (and surprising) bit of today's figures was the 150,000 rise in the quarterly measure of Workforce Jobs in Q3. However, the rise was driven solely by an increase in the self employed (with the number of employees falling). **So this might just reflect people who have lost their jobs resorting to working for themselves.**
- **Indeed, a gloomier message came from the timelier LFS measure of employment, which fell by 63,000 in the three months to October.** This was still a smaller fall than those seen in the past couple of months. But the breakdown showed the same worrying pattern as the Workforce Jobs figures. **The number of employees plummeted by 252,000 – but was partly offset by a 166,000 rise in self-employment.** (See Chart.)
- A 67,000 fall in public sector employment in Q3 took the total public sector job cuts so far this year to some 227,000. Private sector employment is still rising – but only just. And forward-looking surveys of employment intentions have been deteriorating.
- Not only did LFS employment fall, but the number of people either in or looking for work rose sharply. **The result was a hefty 128,000 rise in the ILO measure of unemployment in October.** Unemployment is now at 2.64m, compared to 2.45m just a year or so ago. **Admittedly, the claimant count is still rising only modestly – up by just 3,000 in November.** But this might just reflect people failing to “sign on”.
- **Lastly, pay growth remains as subdued as ever.** The headline (three month average of the annual) growth rate of overall average earnings eased in October from 2.3% to 2%. Regular pay growth was a touch weaker at 1.8%. **So although yesterday's figures showed inflation easing again in November, real pay is still falling by about 3%.**

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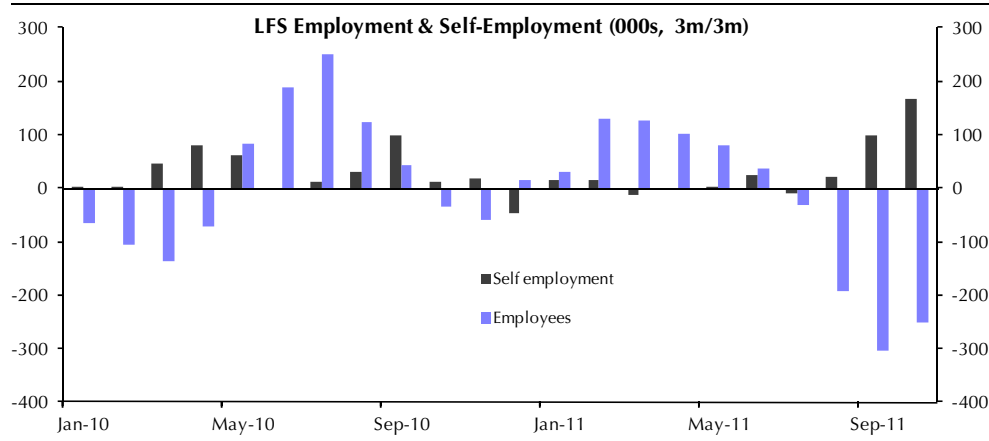
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### LABOUR MARKET DATA

	Claimant Count Unemployment			Average Weekly Earnings					
	Total (000s)	Change (000s)	Rate %	%m/m	% y/y	Headline (3 m av. of % y/y)	Bonus effect (% y/y)	Ex-bonus (% y/y)	Ex-bonus (headline)
Aug	1579.7	19.1	4.9	0.0	2.3	2.7	0.7	1.6	1.8
Sep	1593.1	13.4	5.0	0.0	1.9	2.3	0.1	1.8	1.7
Oct	1595.6	2.5	5.0	0.2	2.0	2.0	0.0	2.0	1.8
Nov	1598.6	3.0	5.0						

Source – Thomson Datastream