

# United Kingdom

## Labour market continues to improve alongside broader economic upturn

- Labour market shows signs of further improvement, though unemployment rate remains at 7.8%
- Vacancies rise alongside stronger economic growth
- Wage growth picks up slightly

The UK labour market is showing signs of further improvement, with employment rising, vacancies up to their highest since October 2008 and unemployment numbers falling sharply. Pay growth also picked up slightly.

The data add to signs that the economy is recovering, with job creation rising alongside an [upturn in economic growth](#). However, levels of employment and vacancies remain well below pre-crisis highs, and the jobless rate held steady at 7.8%.

### Employment up in latest 3 month period

The actual number of people employed aged 16 or over rose by 16,000 in the three months to May. However, the total now stands at 29.71 million, meaning the rate of employment fell to 71.4% from 71.5% the previous month. That compares poorly with an average level of almost 73% that was seen in the decade leading up to the financial crisis.

### Unemployment falls

Unemployment fell by 57,000 over the same period, down to 2.51 million according to the survey based measure. The timelier claimant count measure likewise fell, down 21,000 to its lowest since March 2011 and dropping at its fastest rate for three years. Disappointingly, the overall rate of unemployment held steady at 7.8%, down from 8.1% a year ago, but largely unchanged so far this year.

### Vacancies rise

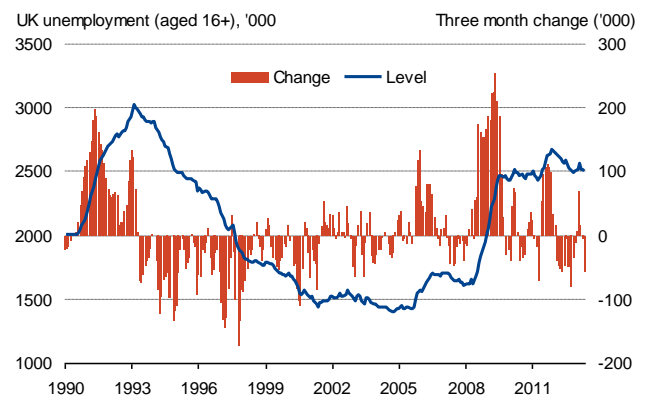
Job vacancies rose to 529,000, the highest since October 2008. Demand for staff rose most sharply in services, followed by retail. Manufacturing vacancies meanwhile fell. Although well up on the lows seen

during the financial crisis, the level of total vacancies remains far lower than seen in the lead up to the crisis, highlighting the still-subdued relative pace of hiring.

### Pay growth revives

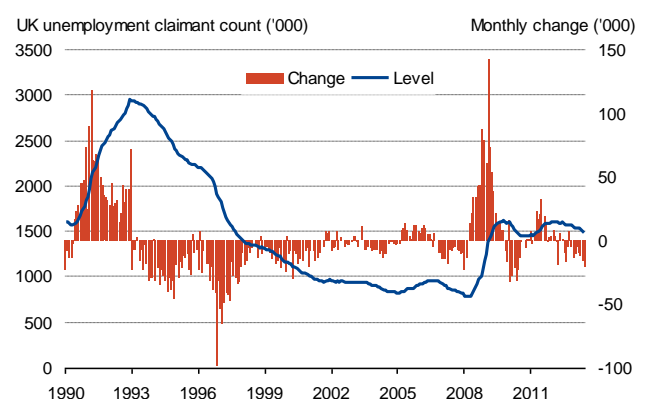
Pay growth picked up slightly, with regular pay increasing at a rate of 1.0%, up slightly for the second month running from the all-time low of 0.8% seen back in the three months to March. Pay including bonuses rose 1.7%, its fastest rate of increase since October of last year. However, with inflation running at 2.9%, pay continues to fall in real terms, which is likely to act as a dampener on both consumer spending and economic growth in general.

### Unemployment – survey measure



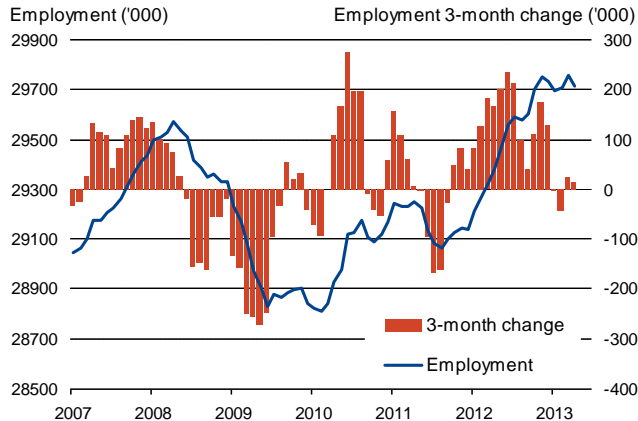
Source: ONS via Ecowin.

### Unemployment – claimant count measure



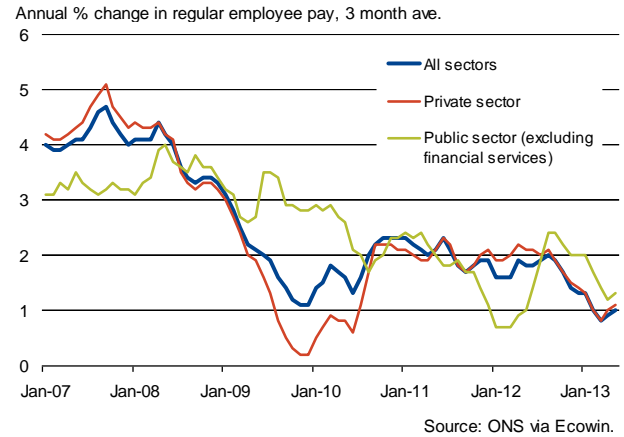
Source: ONS via Ecowin.

### Employment



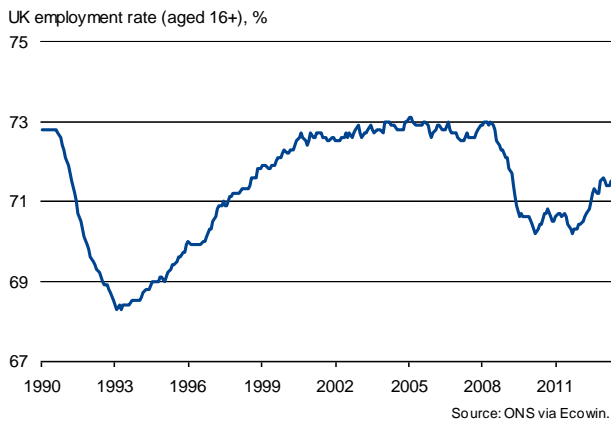
Sources: ONS.

### Pay growth



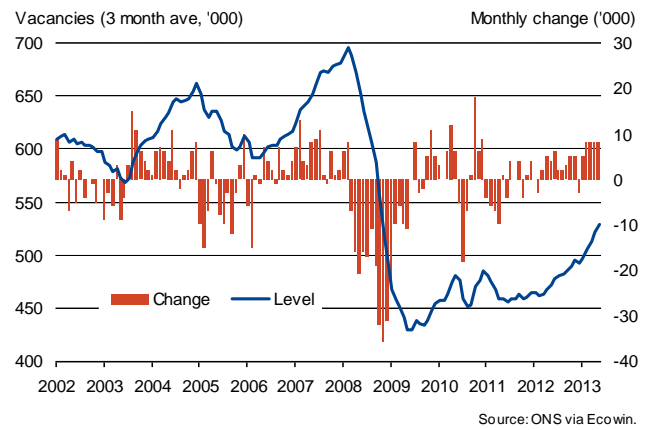
Source: ONS via Ecwin.

### Employment rate



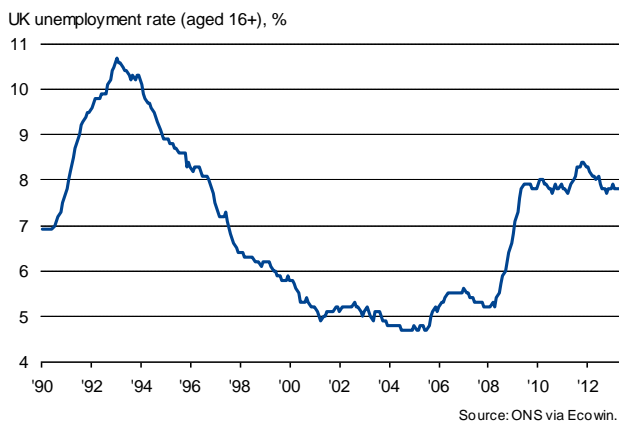
Source: ONS via Ecwin.

### Job vacancies



Source: ONS via Ecwin.

### Unemployment rate



Source: ONS via Ecwin.

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