



labour market update

Employment continues to rise

On the eve of the release of economic growth figures for the third quarter of 2012, the UK's labour market continues to be relatively buoyant. Employment increased by 212,000 in the three months to August, while unemployment fell by 50,000.

Recent trends in the labour market mean that the continued growth in employment is not necessarily a good predictor of the outcome of next week's GDP figures. But it is difficult to see how employment can

continue to rise while the economy contracts, and so the sustained recent rise in employment will add further weight to the expectation that the UK economy returned to growth between July and September.

The added impact of the Olympics – all Olympics ticket sales will be counted in the GDP figures for Q3 – could help to pull the UK out of double dip recession. If this is the case, the next challenge to the UK economy will be whether it can sustain this growth.

Table 1: Key statistics

	Reference Period	Rate
Unemployment (ILO)	Jun - Aug 12	7.9%
Claimant Count	September 12	4.8%
Employment	Jun - Aug 12	71.3%
Y-o-Y Average Weekly Wage Growth	August 12	1.7% inc bonus 2.0% exc bonus

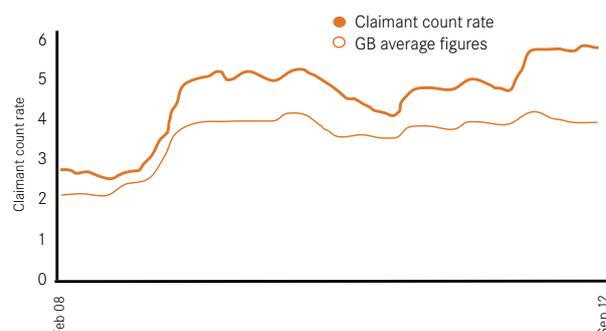
Spotlight on Peterborough

The claimant count rate in Peterborough has been relatively volatile since the start of 2008.

The rate staged a recovery in 2010 to offset the large increase in claimants it saw in 2009. But unfortunately it has risen considerably again since January 2011 (see Figure 1), and now stands at 5.6 percent.

This means that Peterborough has now seen the fifth largest increase in its claimant count out of all UK cities since the beginning of 2008 and it is the only city in the South to be in the top 10.

Figure 1: Claimants per vacancy in Peterborough



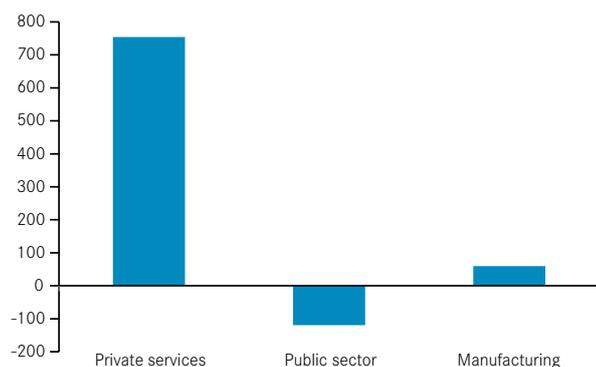
Source: ONS

See more city by city comparisons at www.centreforcities.org/citytracker and www.citiesoutlook.org.

Private services drive overall jobs growth

Much has been made of the mismatch between employment and economic growth – employment has increased over the last year despite the economy contracting.

Figure 2: Changes in workforce jobs by sector, Q2 2011-Q2 2012



Source: ONS

The majority of this employment growth has been driven by the private services sector. As Figure 2 shows, there were 754,000 more jobs in private services in Q2 2012 compared to a year earlier. This performance dwarves the 60,000 increase seen in manufacturing, while it very easily offsets the 119,000 jobs lost in public services (defined here as public admin, education and defence).

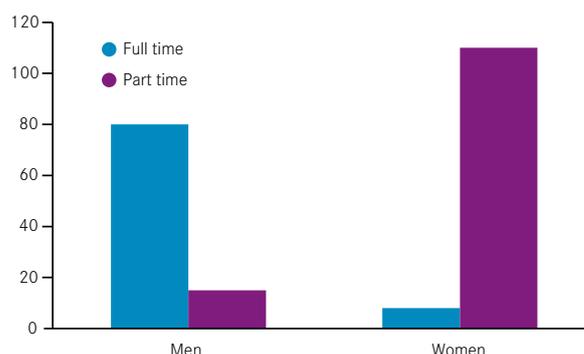
The rise and rise of part-time working

Once again part time working made up the bulk of the increase in employment seen in the three months to August 2012. While full time employment increased by 88,000, part time working increased by 125,000.

The large recent increase in part time working is nothing new – part time working has increased by 724,000 over the last five years at a time when full time working has fallen by 355,000.

What is more surprising is the gender make-up of the increase employment over the last three months. Of the 95,000 increase in male employment, 84 percent was in full time employment. But of the 118,000 increase in female employment, just 7 percent was in full time work (see Figure 3).

Figure 3: Employment change by gender, Jun-Aug 2012 compared to the previous three months

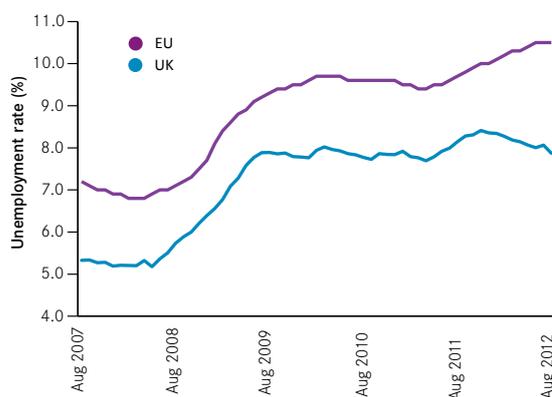


Source: ONS

UK and EU unemployment diverges

The unemployment rates in the UK and EU had tracked each other since the beginning of the downturn. But as Figure 4 shows, there has been a divergence between the two over the last year. This suggests that employers in the UK are more bullish than on the continent, even if recent GDP figures don't offer much basis for this optimism.

Figure 4: Unemployment in the UK and the EU



Source: ONS



Contact

Paul Swinney Economist
p.swinney@centreforcities.org
 020 7803 4305