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Western European Economic Indicators and Insights

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UK: Surprisingly Solid Jobs Data Not All They Seem?

Claimant count unemployment fell in April, the drop being very much unexpected, those expectations having been colored by the clear rising trend evident in previous months. However, not only did joblessness on this basis fall by 13 700, there was also a revision to March numbers, now showing a fall of 5 400 as opposed to the further rise originally estimated last time around.

Revisions Help Reveal Better Trend

This was the *first consecutive drop in claimant count unemployment in 18 months.* Admittedly, this better result still left the jobless rate (on this basis) at 4.9%. However, the (broader) ILO measure of unemployment did see a decrease this time around with the 45 000 drop being the second in succession, also trimming the jobless rate further to 8.2%.

On a more downbeat note, the rate of redundancies (again) rose a little further, while vacancies slipped back again.

More positively, hours worked recovered further. In addition, employment rose and more clearly so. However, what work there was is still dominated by (possibly far from voluntary) part-time working (a record-high) and self-employment.

Earnings Growth Softens.

*Average weekly earnings growth dropped clearly, almost halving to 0.6% Y/Y in the three months to Marc*h, this occurring partly as a result of the single month Y/Y figure slumping to just 0.1%. These weaker numbers were affected mainly by bonus pay effects as regular pay earnings were also soft, remaining at a low of 1.6%.

Is the Economy Really in Recession

This is a set of clearly more reassuring messages regarding the labor market. Indeed, the latest batch of labor market numbers suggest an unexpected greater degree of dynamism, their relative strength seemingly providing something of a further rebuff to the notion that the UK economy is actually in recession. As a result, these numbers seem to tally more with the more upbeat survey data that the likes of the BoE have put more emphasis on in their policy judgments than the negative official national account numbers seen of late.

Jobs Data No Help to the Consumer

However, this relative strength is seemingly coming at a price at least for households. Average earnings are faltering further, very clearly suggesting that the growth in jobs is not leading to any rise in household spending power, especially with much of the job gains being base around part-time and self-employment work.