

Summary

- The official labour market data add to recent signs from business surveys that growing uncertainty about the economic outlook is starting to impact on labour market performance across the country.¹
- In the final quarter of last year the number of jobs located in the South East fell by 31,000. The fall in the number of jobs in the region is at odds with strong growth in the number of people in employment registered in Q4. The discrepancy between the figures suggests that the strong growth in employment in the South East in the final quarter of 2012 was mainly driven by the increase in demand from outside the region.
- The latest official data shows that in sharp contrast with the strong growth seen throughout 2012 the number of people in employment in the UK fell by 2,000 in the three months to February, the first quarterly fall since late 2011.
- Full-time employment continued to increase but there was another fall in employment among young people which decreased by 62,000 on the quarter.
- Employment growth in the South East in the three months to February came almost to a standstill according to the latest official data from ONS. A small increase in employment in the region (up 2,000 on the quarter) was driven entirely by the increase in employment among women. The number of men in employment fell sharply on the quarter.
- According to the latest official data and intelligence from business surveys employment growth in Hampshire remained relatively robust last year. In the year to December 2012 Hampshire recorded the fastest growth in employment in this part of the South East after West Sussex. Hampshire and Enterprise M3 were the strongest performing areas for employment growth in the final quarter of last year according to the latest business survey.
- The outlook for employment growth in the first quarter in Hampshire and across the region has weakened compared to the final quarter of last year. The timelier business survey data shows that job creation in the private sector in the region stalled at the end of March.
- The number of unemployed people on the broader survey-based measure in the region and the UK increased sharply in the three months to February. In the UK the number of unemployed people increased by 70,000 and in the region it increased by 15,000.
- The pace of the increase in the South East was comparable to the increase reported last month. The absolute number of unemployed people reached the highest level since late 1993 and unemployment reached the highest rate for 18 years. The South East remained one of only three English regions with higher unemployment rate in the three months to February compared to the previous year.

¹ For further information about the performance of the UK and sub-regional economies in this part of the South East see *Economy & Business Snapshot – March 2013*.

- The less timely sub-regional data shows that on the broader measure the number of unemployed people in Hampshire decreased by 4,500 in the year to December 2012 and the unemployment rate fell by 0.7 percentage points to 5 per cent. The decrease in the unemployment rate in Hampshire was significantly faster than the UK average. The rate in Hampshire fell faster than in Enterprise M3 but marginally slower than in Solent.
- The good news at national, regional and sub-regional level is still found in the timelier claimant count measure of unemployment. The latest sub-regional claimant count data shows falling numbers of claimants and young claimants across much of the country in March.
- The number of unemployed claimants and young unemployed claimants in the Hampshire county council area fell by 610 and 125 respectively in March. The claimant count unemployment rate remained unchanged at 2 per cent but youth unemployment fell to 3.4 per cent.
- The fall in the number of unemployed people in March was significantly larger than in March last year but at local level a relatively strong seasonal pattern is found in the latest data.
- All local authorities registered fewer claimants in March and most local authorities registered fewer young claimants compared to the previous month. However, coastal areas in Hampshire and elsewhere in the region have experienced larger falls in unemployment in March.
- The number of unemployed claimants and young unemployed claimants in Enterprise M3 and Solent fell in March. The claimant count unemployment rate fell in Solent, and youth unemployment on the claimant count measure fell in both Enterprise M3 and Solent.
- On the broader survey-based measure there were 13,200 young unemployed people in the Hampshire county council area in the year to December 2012 or 13.8 per cent of all 16-24 year olds. The unemployment rate in Hampshire was well below the national and regional average (20.9 and 16.9 per cent respectively).
- The most recent data shows that the youth unemployment rate on the broader measure decreased compared to the previous year. The fall in youth unemployment in Hampshire was comparable to Enterprise M3 but below the average decrease in the rate registered in Solent.
- Labour productivity fell at the end of last year which is consistent with the fall in GDP in the fourth quarter. Falling productivity and rising unit labour costs have affected competitiveness and wage growth which eased to a record low of just 1 per cent.
- The weakness in regular pay and ‘sticky’ inflation (UK inflation stayed unchanged at 2.8 percent in March) suggest that relatively weak consumer spending is likely to act as a drag on the economy over short-term.