



Kallum Pickering, Senior Economist | [Kallum.pickering@berenberg.com](mailto:Kallum.pickering@berenberg.com) | +44 20 3465 2672

## UK LABOUR MARKETS RESILIENT IN MARCH DESPITE GLOBAL SHOCKS

### Berenberg Macro View

**Weathering the storm so far:** In a UK economy where, good news is presently in short supply and the risks are high, the labour market report for March makes for welcome reading. Across the board, key indicators such as employment, unemployment, wages and labour demand continue to head in the right direction. Although one should not take too much comfort from labour market data – which often lag broader economic trends – the March report chimes [with some surveys of actual activity](#), such as the PMIs and for the housing market, which point to resilient economic activity despite the severe dual global confidence and supply shocks emanating from Russia's invasion of Ukraine and harsh COVID lockdowns in China.

#### No signs of weakening in the April jobless claims data and the March labour market numbers:

- The headline unemployment rate moved further down to 3.7% in the three months to March from 3.8% in February – it is now below the pre-pandemic low of 3.8% in November 2019. The claimant count rate for April also edged lower to 4.1% from a downwardly revised March (4.2% from 4.3%) – Chart 1. Jobless claims declined by 56.9k in April after a 81.6k fall in the previous month.
- On a 3month/3month basis, employment rose by 83k in March following a small 10k rise in February. At 32.6m in March, employment remained some 500m below the 33.1m January 2020 record high. Despite the small 0.1% mom pullback in real GDP in March, hours worked continued to rise – Chart 2.
- The number of vacancies – a proxy for labour demand – increased further to a new record high of 1.295m in the three months to April, up from 1.288m in March and well above the pre-pandemic record of 864k in late 2018 – Chart 3. With 1.257m registered unemployed, the number of job openings now exceeds the number of workers searching for employment. The redundancy rate – data begin in 1995 – also hit a record low of 2.5%.
- Headline wage growth (excluding bonuses) accelerated to 4.2% yoy in the three months to March from 4.1% in February - Chart 4. Including bonuses, wages growth surprised strongly to the upside, rising to 7.0% yoy in March from 5.6% in February and versus a 5.4% expected gain according to Bloomberg consensus. Reflecting tight labour markets, bonus payments have been strong since August 2021. The ONS notes that 'the largest bonus payments are in the finance and business services sector, but are high across several sectors for March 2022.' According to the individual monthly estimate for March, which reflects the surge in CPIH inflation to 6.2% yoy in March, strong growth in total pay kept real wage growth strongly positive on an annual basis even though regular pay declined - Chart 5. *Note: the ONS uses CPIH to calculate real wage data whereas the BoE and, thus, markets tend to focus on CPI.*



# MACRO NEWS

Chart 1

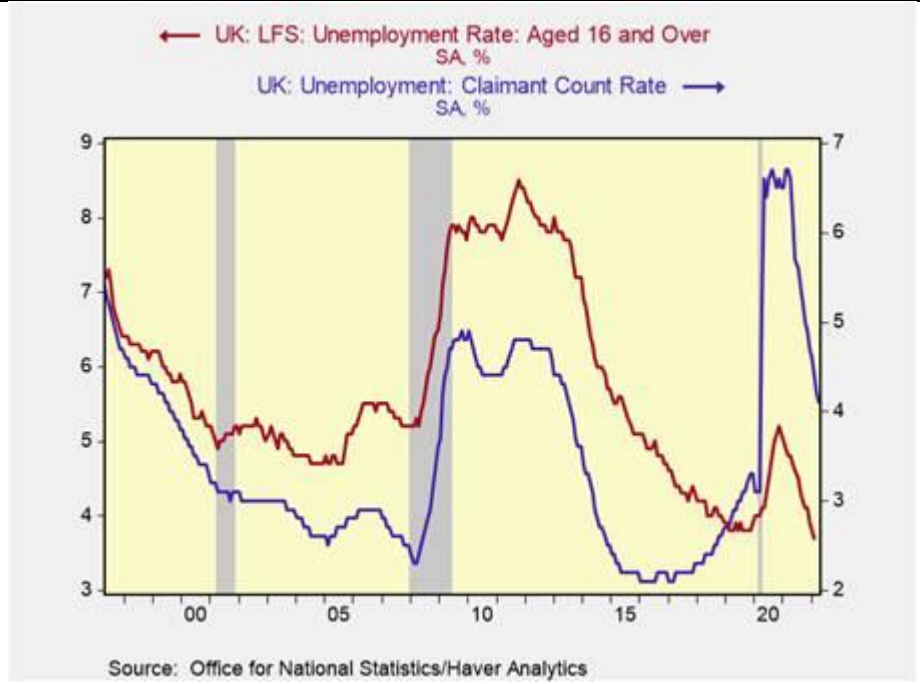
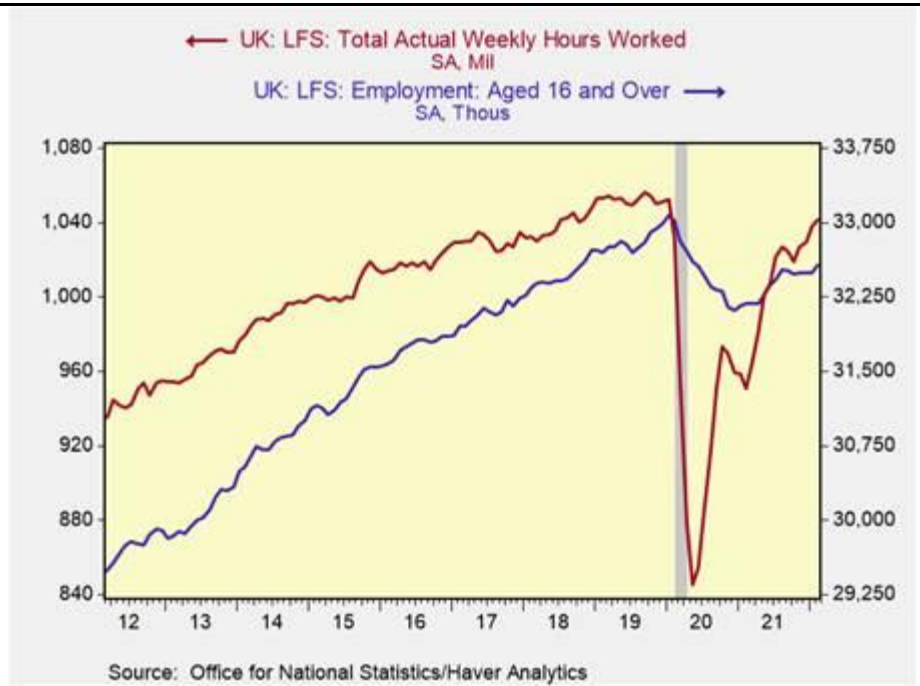


Chart 2





# MACRO NEWS

Chart 3

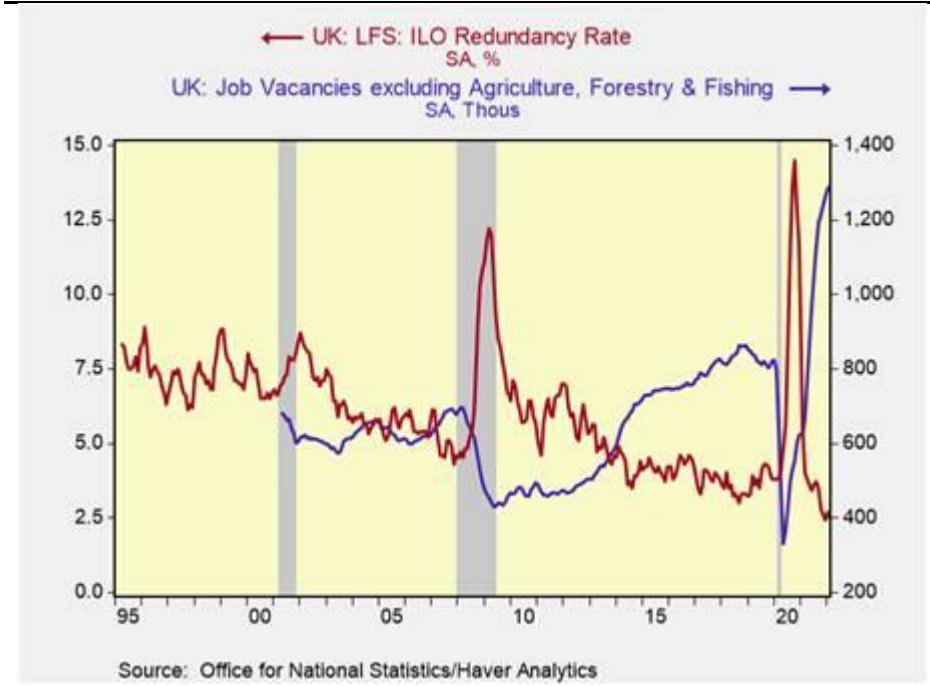


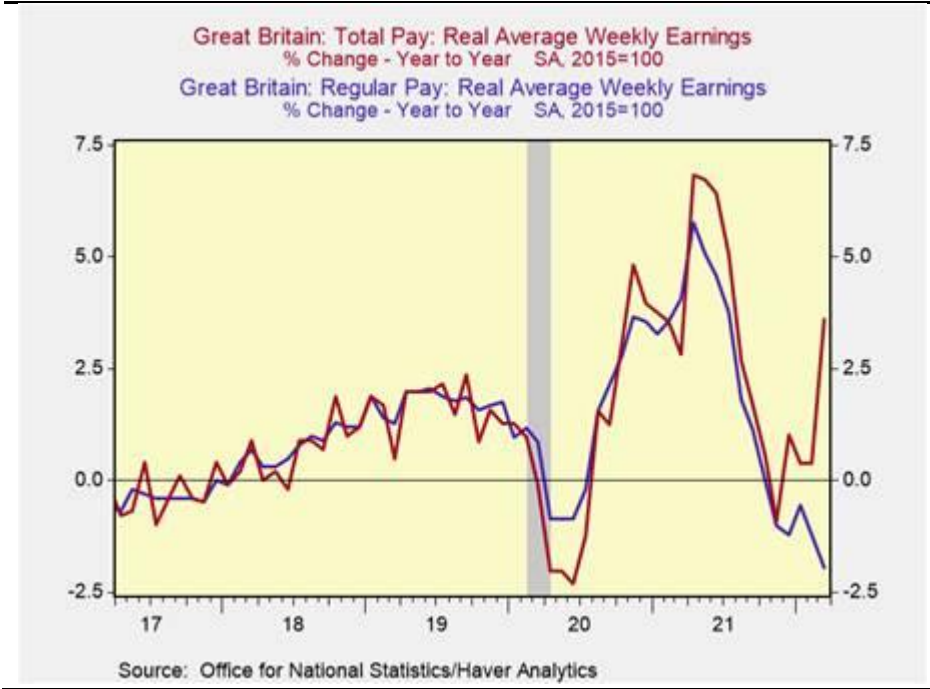
Chart 4





# MACRO NEWS

Chart 5





**BERENBERG**  
PARTNERSHIP SINCE 1590

## MACRO NEWS

### **Disclaimer**

This document was compiled by the above mentioned authors of the economics department of Joh. Berenberg, Gossler & Co. KG (hereinafter referred to as “the Bank”). The Bank has made any effort to carefully research and process all information. The information has been obtained from sources which we believe to be reliable such as, for example, Thomson Reuters, Bloomberg and the relevant specialised press. However, we do not assume liability for the correctness and completeness of all information given. The provided information has not been checked by a third party, especially an independent auditing firm. We explicitly point to the stated date of preparation. The information given can become incorrect due to passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. The forecasts contained in this document or other statements on rates of return, capital gains or other accession are the personal opinion of the author and we do not assume liability for the realisation of these.

This document is only for information purposes. It does not constitute investment advice or recommendation to buy financial instruments. It does not replace consulting regarding legal, tax or financial matters.

### **Remarks regarding foreign investors**

The preparation of this document is subject to regulation in the United Kingdom. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

### **United Kingdom**

This document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

### **United States of America**

This document has been prepared exclusively by the Bank. Although Berenberg Capital Markets, LLC (“BCM”), an affiliate of the Bank and registered US broker-dealer, distributes this document to certain investors, BCM does not provide input into its contents, nor does this document constitute research of BCM. In addition, this document is meant exclusively for institutional investors and market professionals, but not for retail investors or private customers. It is not for distribution to or the use of retail investors or private customers. BCM accepts responsibility for this research document’s contents and institutional investors receiving this research and wishing to effect any transactions in any security discussed herein should do so through BCM and not the Bank. Please contact Berenberg Capital Markets, LLC (+1 646 949 9000) if you require additional information.

### **Copyright**

The Bank reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without the Bank’s prior written consent.

© 2021 Joh. Berenberg, Gossler & Co. KG