

The incoming labour market data is continuing to catch-up with the economic impact of the COVID-19 pandemic. This is increasingly evident in some of the data sets more than others.

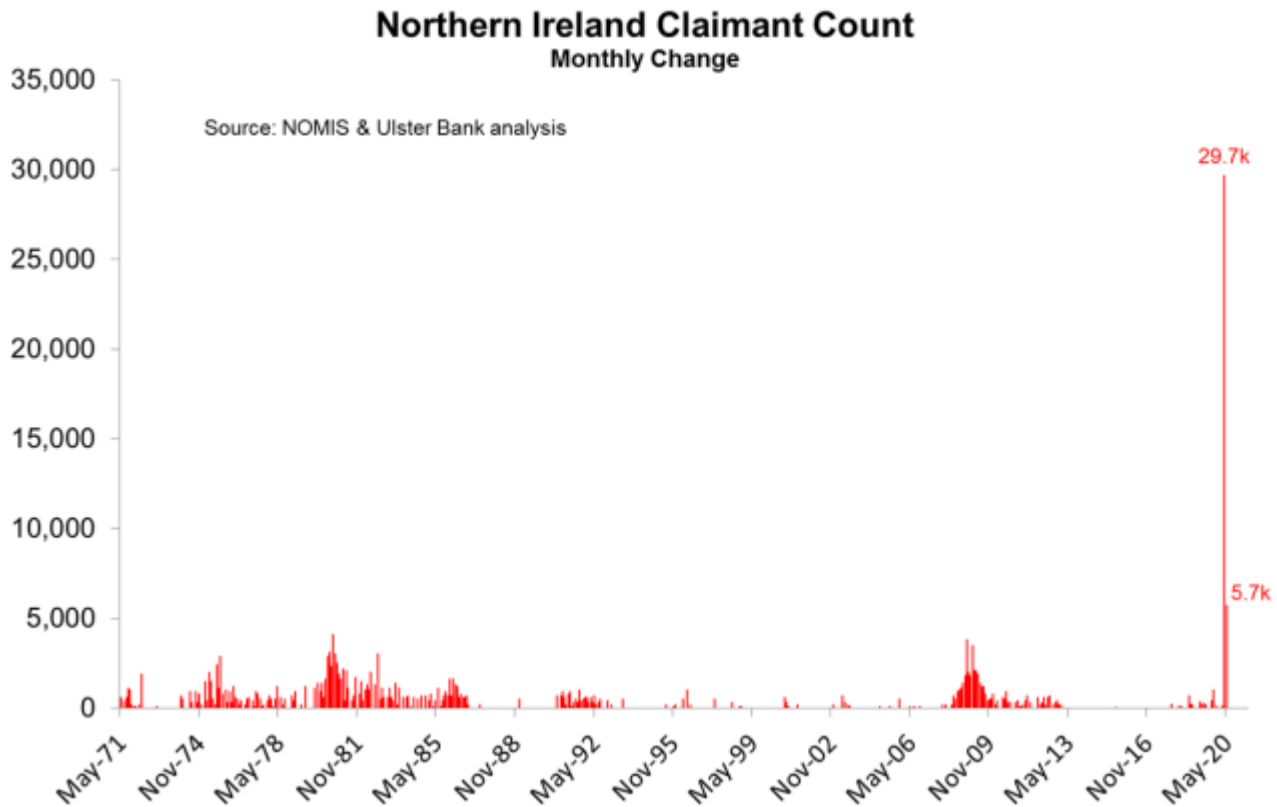
### High watermark on the jobs front

Champagne corks continue to pop with the Quarterly Employment Survey which revealed a record number of jobs (783,500) in March. That survey referred to the 2<sup>nd</sup> March which was before the virus epidemic and subsequent lockdown hit. Therefore the Q1 (March 2020) figure will represent the high watermark on the jobs front. Almost 212,000 or 27% of all employee jobs (*public & private sector but excluding self-employed*) have been furloughed on the Job Retention Scheme (JRS), with a further 69,000 people in receipt of the Self-Employment Income Support Scheme (SEISS). These schemes have prevented massive numbers of redundancies from occurring at the same time. But these measures will be tapered back and removed in the coming months. The question is how many of these

furloughed jobs will turn into redundancies?

**Record decline in number of hours worked**

The lockdown’s impact is evident in some aspects of the Labour Force Survey but not others. The latest period (February - April 2020) saw a record decline in the number of hours worked and the lowest average weekly hours worked on record (30.2 hours). Despite a drop-off in hours worked and an easing in employment levels (using the LFS measure), unemployment returned to a joint-record low of 2.3%! This indicator has not yet received the memo that a global pandemic and the worst recession in a century have hit. However, this unemployment measure should be treated with a pinch of salt. Other more timely indicators, such as the claimant count, point to a surge in unemployment.



**NI’s claimant count doubled between March and April**

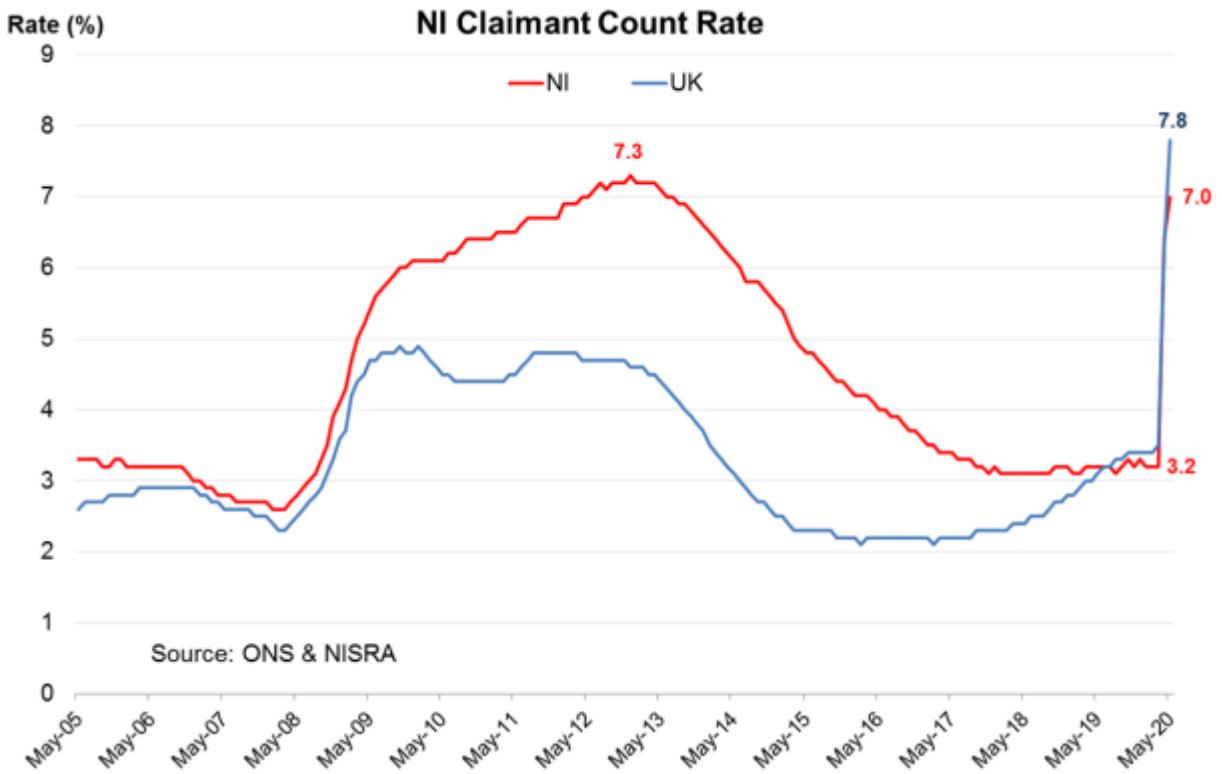
The claimant count includes Jobseekers Allowance (JSA) and Universal Credit claims (*where the primary reason for benefit was due to unemployment*). Both the UK and NI claimant counts surged in April. Northern Ireland's claimant count doubled from 29.8k to 59.4k between March and April. This has been followed by an almost 10% rise (+5.7k) in May with the claimant count reaching 65,200. This is already above the peak following the last recession. What is most striking about this recession is the speed and the scale of the rises in unemployment. They are turbo-charged. During April and May the number of people claiming unemployment related benefits has risen by 35,400 people. It took three years for a cumulative rise of this magnitude to occur during the last recession. But these historical comparisons come with a health warning.

Recent changes in welfare policy mean the current claimant count is wider in scope than at the time of the last recession. Universal Credit benefit claimants are now included alongside those on Jobseekers Allowance (JSA). Part of the UK government's response to the COVID-19 crisis meant that some of those eligible to claim unemployment-related benefit support may be employed (albeit on low income / hours). Therefore part of the surge in 'unemployment' is linked to a rise in unemployment **\*and\*** an expansion of the eligibility criteria. While this impacts on the precision of identifying the exact number of unemployed it doesn't change the fact that a major surge has already occurred with further rises anticipated in the coming months. With the health emergency receding, signs of the economic emergency are unfolding. News of redundancies has started to move up a gear in recent weeks. Indeed, 1,427 redundancies have been officially notified in up to 15<sup>th</sup> June.

### **Overall deterioration in labour market conditions**

Overall, the latest labour market statistics highlight a deterioration in labour market conditions. This is not unexpected. Looking ahead, with vacancies plummeting and the government support schemes due to lapse, a second wave of redundancies can be expected

in the autumn. Unemployment will likely be on an upward trend for the next 12 months. The task of bringing it back down will be a top economic priority for the foreseeable future.



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