

CORPORATED MANAGEMENT / HUMAN RESOURCES

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UK unemployment surges

It rises at fastest pace in a year on weak economy

LONDON: UK unemployment rose at the fastest pace in more than a year and wage increases slowed, providing further evidence the labour market is succumbing to a weak economy.

Joblessness as measured by International Labour Organisation methods rose by 70,000 to 2.56 million in the three months through February, the most since November 2011, the Office for National Statistics said yesterday in London. The unemployment rate climbed to 7.9% from 7.8% in the previous quarter. The median forecast of 27 economists in a *Bloomberg* survey was for the rate to stay unchanged.

The figures are a blow to Prime Minister David Cameron, with the labour market previously providing a bright spot in an economy struggling with an austerity programme, accelerating inflation and a crisis in

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— VICKY REDWOOD

Europe, Britain's biggest trading partner. The number of people in work fell 2,000 in the latest quarter to 29.7 million, the first drop since October 2011.

"Today's labour market data provided more evidence that the previous resilience of the jobs market is

fading fast," said Vicky Redwood, chief UK economist at Capital Economics Ltd in London. "What's more, the combination of a slowdown in regular pay growth and a drop in bonuses left overall average earnings unchanged on a year ago. More reason, then, to doubt that the pickup in consumer activity since the start of the year can be sustained."

Bank of England governor Mervyn King was defeated for a third month in a push for more stimulus, according to minutes of this month's Monetary Policy Committee meeting, published by the central bank yesterday. Six of the nine-member panel voted to keep the target for quantitative easing at £375bil. King, David Miles and Paul Fisher wanted to increase it by £25bil.

The pound extended its decline against the dollar after the report and was trading at US\$1.5303 as of 9.59am

in London, down 0.4% on the day.

Unemployment claims fell 7,000 in March from February to 1.53 million. The median forecast of 27 economists in a *Bloomberg* survey was for no change. Underlining the pressure on household incomes, regular pay growth slowed to 1%, the least since records began in 2001, from 1.3%. Bonus payments fell, leading total pay growth to slow to 0.8%, the lowest since 2009.

A lackluster recovery is taking its toll on jobs. Axa SA, Europe's second largest insurer, plans to cut 450 jobs in the United Kingdom as it stops providing financial advice following a change in regulation.

Data next week will show whether Britain's economy entered its first ever triple-dip recession in the first quarter after it contracted by 0.3% in the final three months of 2012. — Bloomberg