

This blog summarises some of the key insights from the data released this morning.

Today's labour market data for Scotland show a slight increase in the unemployment rate this quarter of 0.1% points to 4%, although the unemployment rate is still down 0.8% points over the year. Further, while the employment rate is unchanged over the past quarter, it has grown by 1.6% points over the last year.

These data and changes over the past year and quarter are summarised in the table below for different parts of the UK (green shading indicates an improvement for that measure and red shading a worsening of performance on that measure). Scotland continues to have an employment rate above the average for the UK, and an unemployment rate below the average for the UK.

	Employment (16-64)			Unemployment 16+			Economically inactive (16-64)		
	Rate	Quarterly change	Annual change	Rate	Quarterly change	Annual change	Rate	Quarterly change	Annual change
United Kingdom	75.0	-0.1	0.6	4.3	-0.2	-0.6	21.6	0.3	-0.1
North East	72.7	0.2	1.7	5.5	-0.5	-0.7	22.9	0.1	-1.3
North West	74.0	-0.4	1.8	4.3	0.3	-1.0	22.6	0.2	-1.0
Yorkshire and The Hum	73.0	-0.5	0.0	4.9	0.1	-0.7	23.2	0.5	0.7
East Midlands	73.8	-0.2	-1.3	4.0	0.0	-0.5	23.0	0.2	1.8
West Midlands	72.4	0.1	-0.9	5.5	-0.3	0.1	23.3	0.1	0.9
East	77.7	0.3	0.5	3.6	-0.4	-0.7	19.3	0.1	0.0
London	74.3	0.0	0.8	5.0	-0.5	-0.6	21.7	0.5	-0.3
South East	79.7	0.6	1.7	3.2	0.0	-0.4	17.6	-0.6	-1.3
South West	77.4	-1.3	0.4	3.6	0.1	-0.2	19.6	1.3	-0.2
Wales	72.5	-0.1	-0.5	4.1	-0.3	-0.3	24.2	0.4	0.8
Scotland	75.2	0.0	1.6	4.0	0.1	-0.8	21.6	-0.1	-1.0
Northern Ireland	68.1	-1.0	-1.7	4.0	-1.2	-1.6	28.9	2.0	3.0

Interestingly while the male and female employment rate have grown at about the same rate over the past year in Scotland (+1.4%-points for men and +1.8%-points for women), over the past quarter the male employment rate has actually fallen slightly (-0.7%-points) while the female employment rate has grown (+0.7%-points). This has been associated with increases over the quarter in the male unemployment rate (+0.3%-points) although it is still down (-0.6%-points) over the year.

Essentially all of this increase in employment in the past year has been in the form of self-employment rather than those working as employees.

In addition, we have seen an increase in the number of people working fulltime over the past year with a small drop in the number of people working part-time. Those working fulltime are also working slightly longer hours -on average- this year compared to last year.

## **Youth (16-24) labour market outcomes**

We have also seen continued improvements in the headline youth (16-24 year old) employment rate (+1.6% points) over the past year, with the largest increase (+3.0% points) among men relative to women (up only +0.2%-points).

Meanwhile youth unemployment rates across men and women have fallen over the last year (down -4.4%-points and -3.2%-points respectively) with aggregate youth unemployment down -3.2%-points over the last year.

This reflect the larger increases in the youth economic inactivity rate among women (+2.0%-points) while the male youth inactivity rate actually fell slightly over the past year (-0.1%-points). There are many positive reasons for someone to become economically inactive, chief among them people entering full-time education. The latest data show that there are over 6,500 more women who are economically inactive as a result of being a student this year compared to last.

## **Productivity**

The labour market performing well -with robust employment- at the same time as economic growth is weak has implications for labour productivity. Essentially it means that improvements in labour productivity -the key driver of wage growth- will also remain weak.

Intuitively, if the value of what we're producing isn't growing by much, but we're employing many more people (or more hours of work) to produce it, the value we create per worker (productivity) is going to fall.

We will look at the trends in labour productivity in Scotland in more detail in a future blog.

## **Summary**

The data today show that the Scottish labour market continues to hold up well, despite challenges elsewhere in the economy. In particular continued increases in the employment rate, and substantial falls in youth unemployment over the past year, are to be welcomed.

Nevertheless wage growth remains weak and with inflation increasing -and outpacing wage growth- households are going to continue to feel the squeeze. Furthermore, continued weak productivity growth in Scotland will act to limit the scope for wage growth.

This makes it essential that action is taken to get the Scottish economy growing again.