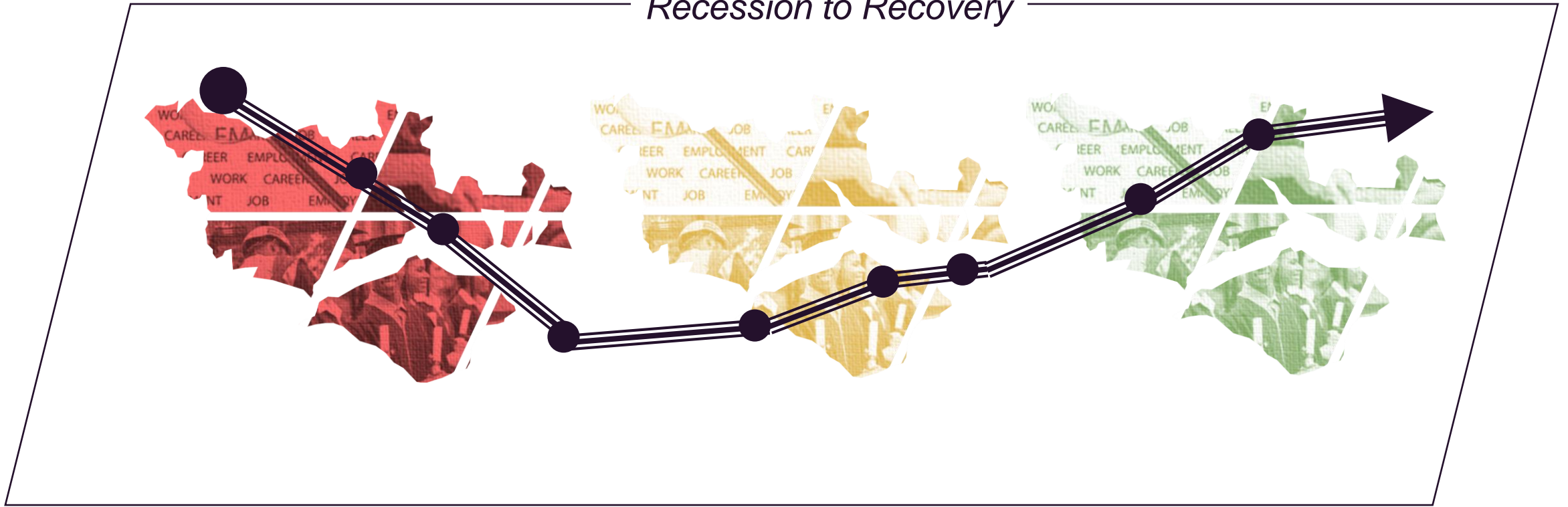


Recession to Recovery



Monthly Intelligence Dashboard

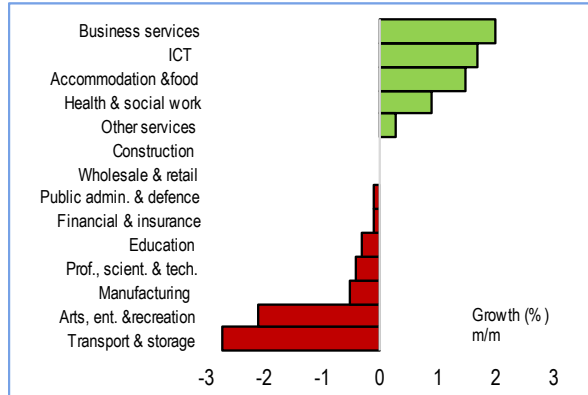
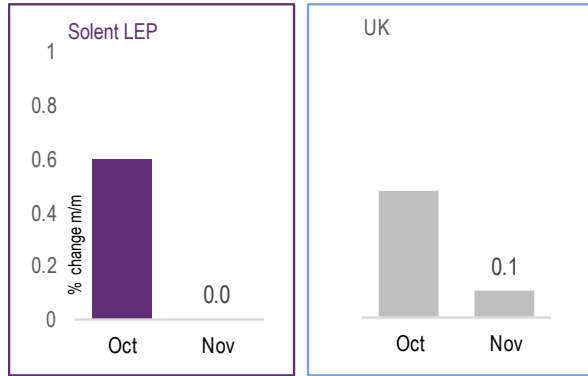
January 2023



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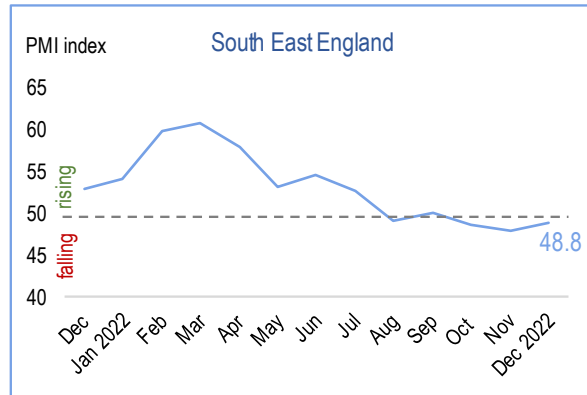
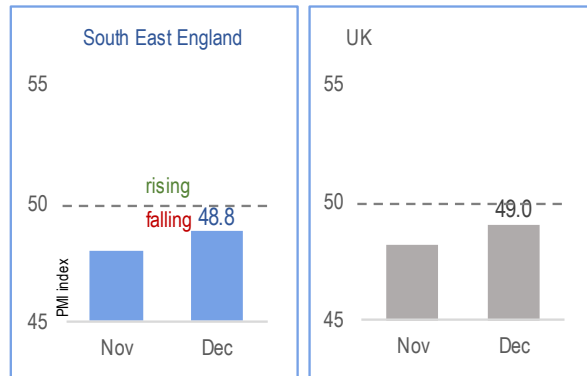
Theme	Indicators	
Business Activity	<ul style="list-style-type: none">• Economic Growth• Business Activity• Inflation• Business Prices	Page 1
Jobs and Earnings	<ul style="list-style-type: none">• PAYE Employees• PAYE Earnings• Labour Demand• Demand by Occupation	Page 2
Unemployment	<ul style="list-style-type: none">• Claimant Unemployment• Local Claimants• Youth Unemployment• Local Young Claimants	Page 3
Sentiment and Investment	<ul style="list-style-type: none">• Business Investment• Retail Sales• Consumer Confidence• House Sales	Page 4

Economic Growth



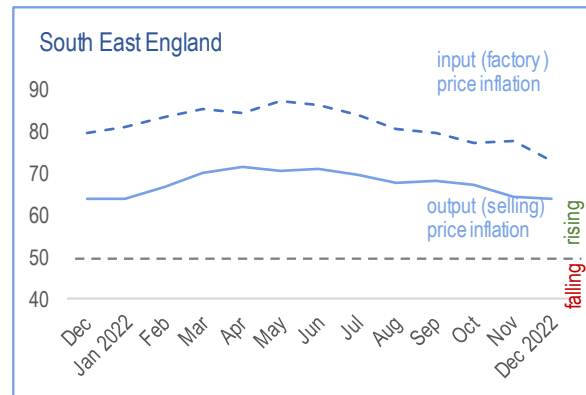
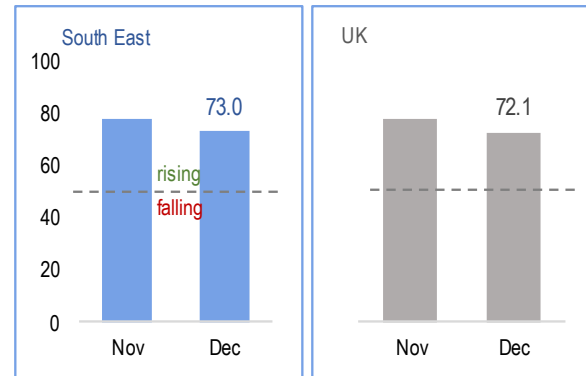
- Economic growth in Solent is estimated to have stalled in November. Its growth performance lagged UK average (0.1%). Growth in Solent was held back by falling output in several large sectors.
- Flat growth in Nov and growth in Oct suggest that a technical recession might have been avoided in Q4.

Business Activity



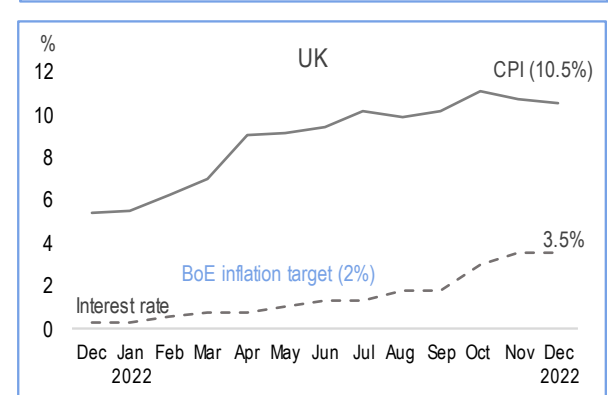
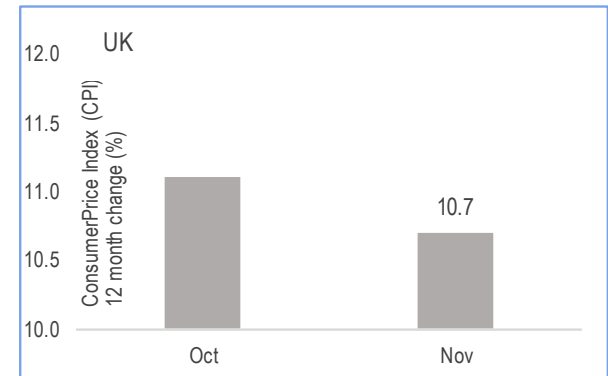
- Survey data suggests that recession has not been cancelled but postponed - business activity fell in the region in December.
- Lower output was attributed to subdued client demand, the postponement of orders, squeezed client budgets, inflation and recession risks.

Business Prices



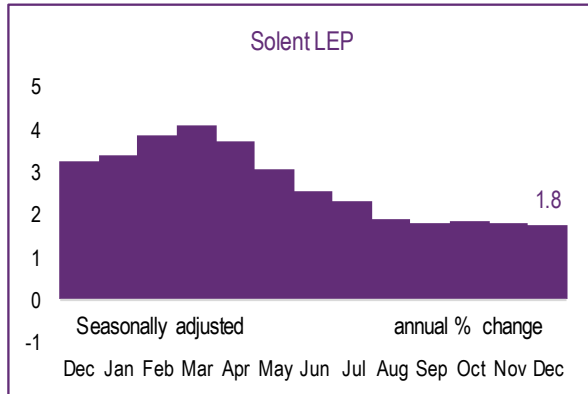
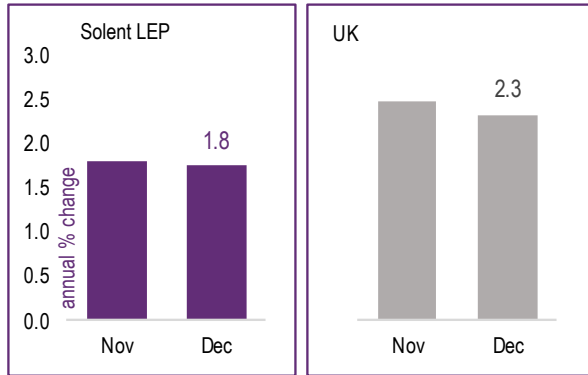
- Business prices remain elevated, but rate of input prices growth eases in December to 19 month low.
- Hike in interest rates, utility and wage costs cited as primary drivers for rising costs. Output inflation softening with weakest rise since Jan 2022 but competitive pressures still forcing businesses to absorb some costs.

Inflation



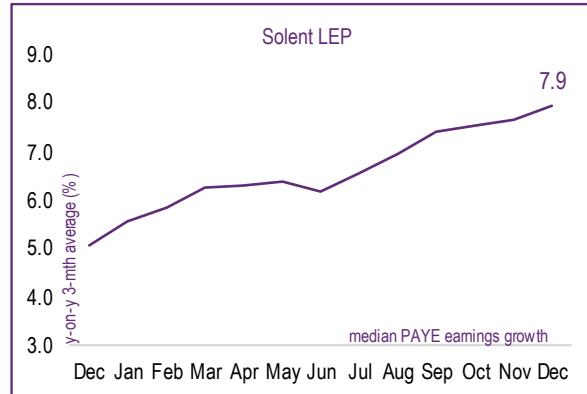
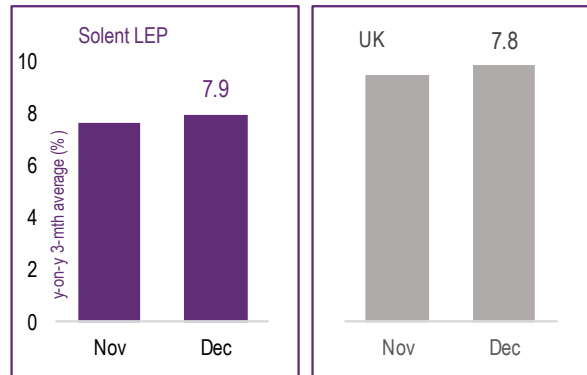
- Lower fuel and clothing prices helped price rises slow to 10.5% in December although offset by higher food, hospitality and air fare costs.
- Inflation remains close to a 40-year high but the fall in wholesale gas prices should push it lower.
- Services inflation and core inflation remained uncomfortably high in Dec.

PAYE Employees



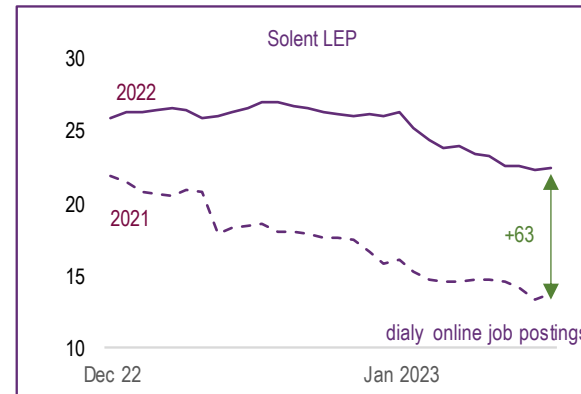
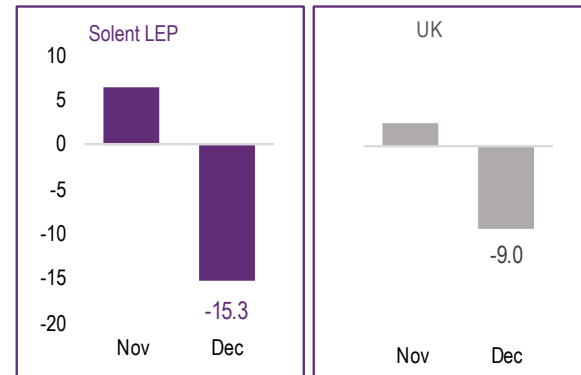
- PAYE employment in the Solent LEP area saw little change but still hit a new record high of 539,300 payrolled employees in December.
- Monthly growth in revised payrolled employment was just 0.1% (+300 employees). Annual growth of 1.8%, in December unchanged on Nov. suggesting growth is easing.

PAYE Earnings



- Early payroll estimate for Solent area points to a strong increase in median monthly PAYE pay growth at 7.9% in the quarter to December compared to Dec 2021.
- Nominal earnings at 20 year high but real wages (adjusted for inflation) eroded by inflation. Public & private sectors wage growth gap widening.

Labour Demand



- Job vacancies (the number of online job postings) in Solent fell by 15.3% in December. However, daily hiring intentions 63% higher than a year ago reflecting the impact of Omicron.
- In addition to seasonal flows, the latest figures possibly showing early sign of a slow down in demand as businesses become more cautious.

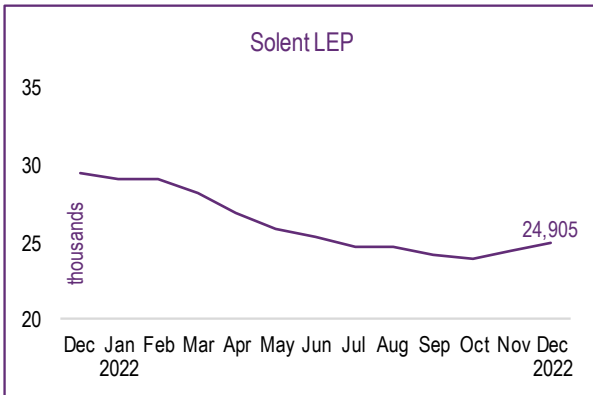
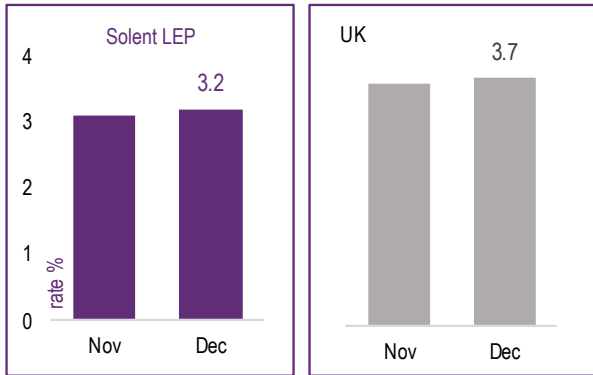
Demand by Occupation

Unique jobs postings by Occupation (SOC)	Dec	% of total
Programmers & Software Development Professionals	2,586	7.3
Care Workers and Home Carers	2,246	6.3
Sales Related Occupations n.e.c.	1,821	5.1
Other Administrative Occupations n.e.c.	1,779	5.0
Nurses	1,610	4.5
Customer Service Occupations n.e.c.	1,341	3.8
IT Business Analysts, Architects & Systems Designers	1,138	3.2
Kitchen and Catering Assistants	1,051	3.0
Managers and Proprietors in Other Services n.e.c.	913	2.6
Human Resources and Industrial Relations Officers	904	2.5

Unique jobs postings by Occupation (SOC)	Oct	% of total
Programmers & Software Development Professionals	2,335	8.8
Care Workers and Home Carers	1,549	5.9
Other Administrative Occupations n.e.c.	1,291	4.9
Sales Related Occupations n.e.c.	1,265	4.8
Customer Service Occupations n.e.c.	1,072	4.1
Nurses	1,056	4.0
IT Business Analysts, Architects & Systems Designers	1,008	3.8
Kitchen and Catering Assistants	828	3.1
Human Resources and Industrial Relations Officers	764	2.9
Managers and Proprietors in Other Services n.e.c.	617	2.3

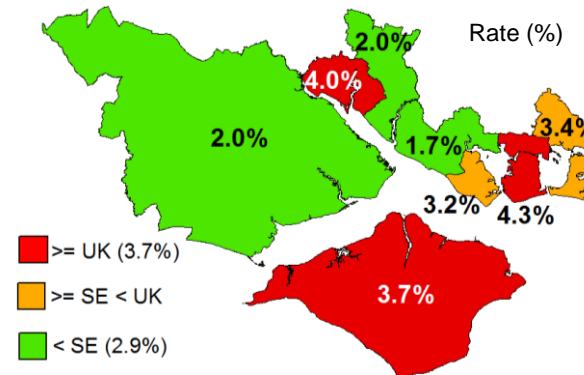
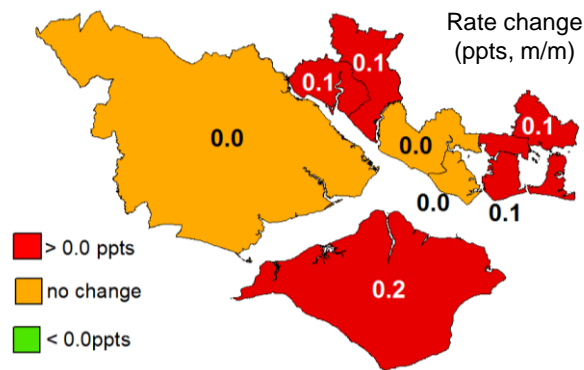
- In-demand jobs in Solent in December were in IT (programmers) carers, and B2B (admin, customer services, sales, HR). Demand for care and nurses rising due to structural shortages and turnover.
- Top in-demand specialised skills were in finance and accounting, IT, and business operations.

Claimant Unemployment



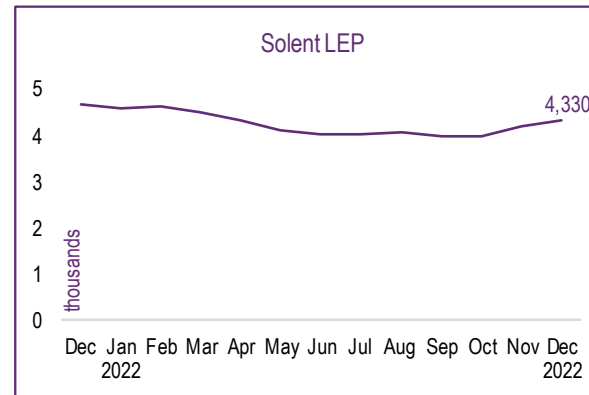
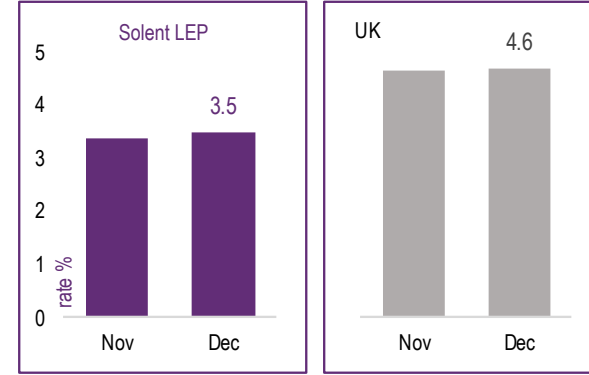
- Working age unemployed claimant counts in Solent (not adjusted for seasonal factors) saw an increase (+500) to 24,905; rising across all broad age groups but those aged under 50 disproportionately affected.
- The unemployed claimant count rate was unchanged at 3.2% in Dec, but 28% higher than pre-pandemic levels.

Local Claimants



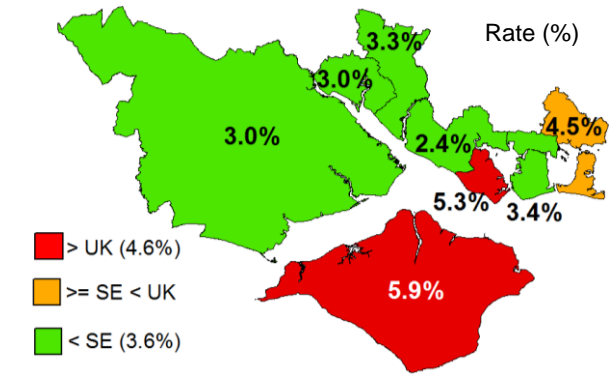
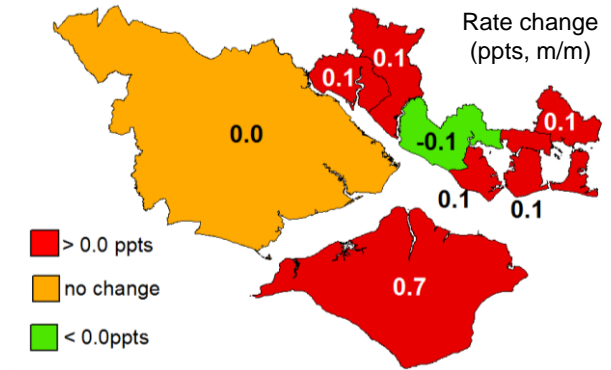
- Five of the eight local authorities in Solent LEP area saw an increase in their claimant count rates with three no change.
- The two cities and Isle of Wight, accounted for nearly 90% of the increase in December.
- The two cities' and IoW rates are above the SE and UK averages.

Youth Unemployment



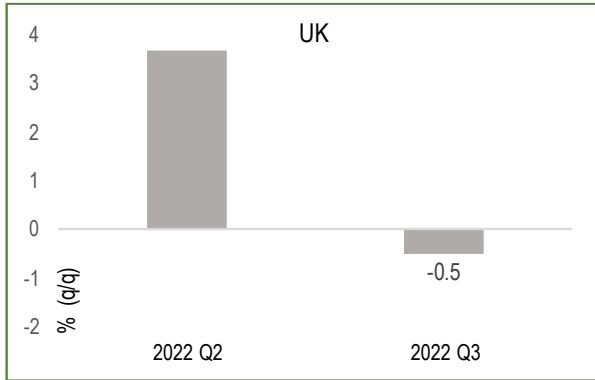
- The number of young unemployed claimants aged 18–24-year-olds in Solent LEP area also saw an increase (+125) in December to reach 4,330 claimants.
- The youth claimant unemployment rate increased to 3.5% in December. Solent rate is below both the South East (3.6%) and UK (4.6%) averages.

Young Local Claimants



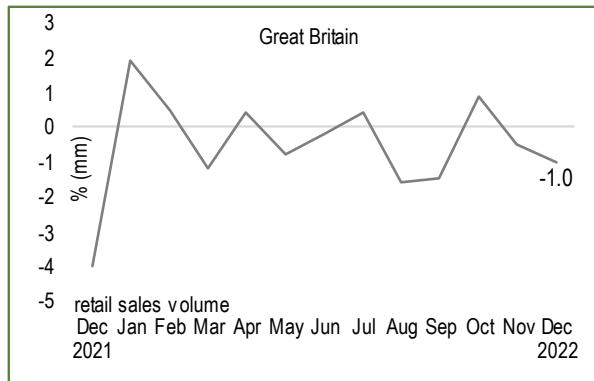
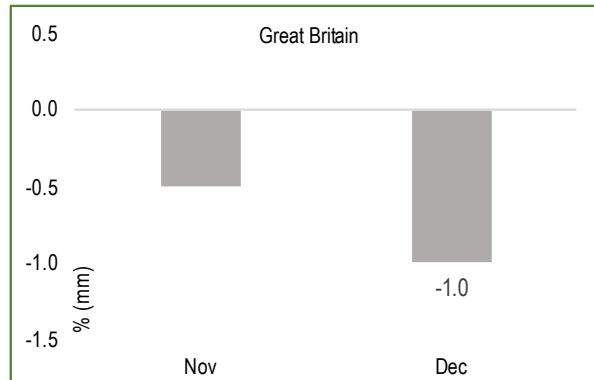
- Six of the eight Solent LEP area local authorities saw an increase, notably the Isle of Wight (+0.7ppts), one district no change and one district a decrease in their monthly rates.
- Five of the Solent LEP area districts had rates below the South East and UK rates, while Gosport (5.2%), and IoW (5.2%) are above the UK rate.

Business Investment



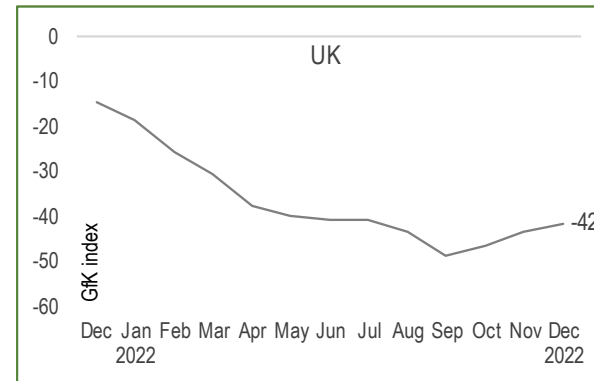
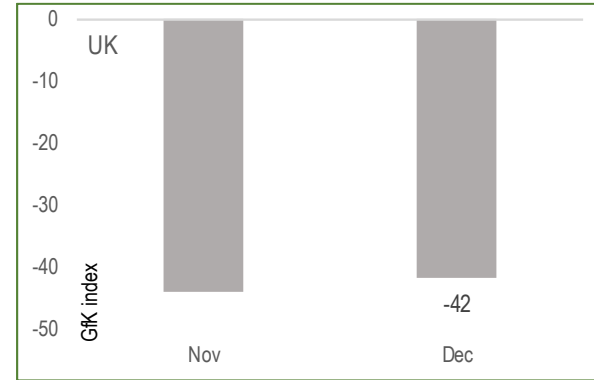
- Business investment fell in Q3 (ONS) with weak demand, tighter financial conditions and uncertainty contributing to reduced investment in Q4 according to BoE.
- Businesses continue to face intense cost pressures going into 2023 that is weakening consumer spending and investment plans.

Retail Sales



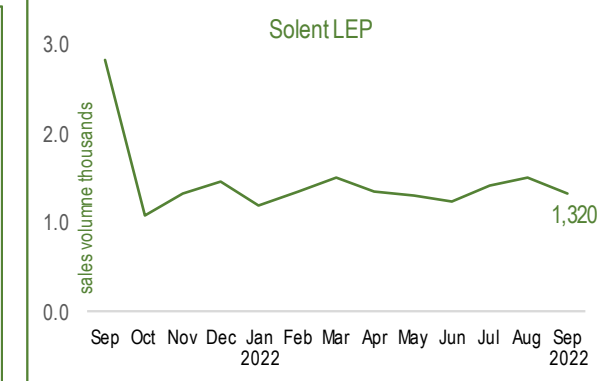
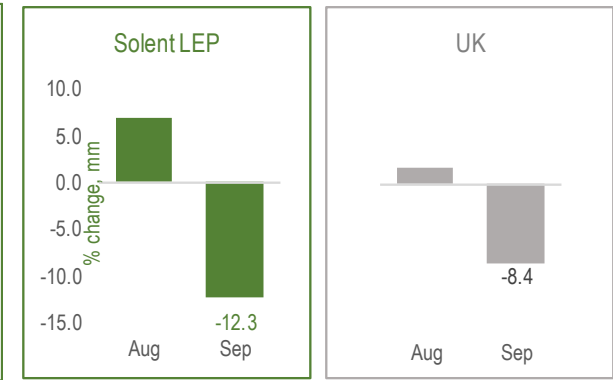
- Retail sales volumes fell sharply in December (-1.0%) and in Q4 as a whole (-1.3%) as rising prices and cost of living saw consumers pared back spending.
- Sharp rise in shops closing on the UK's High Streets, with chains closing some sites to save money and rationalise the business (CRR).

Consumer Confidence



- UK consumer confidence saw a small improvement on November but it still remains at historic lows amid the cost-of-living crisis.
- Preliminary data for December showed for first time on record consumer sentiment remaining below -40 for eight consecutive months. Fear of recession acting as a drag.

House Sales



- House sales in Solent LEP area decreased sharply in Sep (-12.3%) with 185 fewer sales as the housing market begins to cool.
- House prices fell towards end of 2022 although early January 2023 data suggests a small recovery but a slowdown in housebuilding, with build-out rates reduced or paused.

How to read 'traffic lights':



Refers to decline or growth relative to the previous period (GVA, PMI business activity and business prices indicators, job postings, business investment, retail and house sales).

In the case of inflation, PAYE earnings and consumer sentiment, it refers to the direction of travel relative to the previous period.

For claimant count unemployment indicators the change refers to the rate not the level. For example, a decrease in youth unemployment would see a downward green arrow.



Little or no change on previous period.

† The local estimate is preliminary and it needs to be treated with a high degree of caution since it is based on the sectoral mix of the Solent LEP economy and the national sectoral impacts.

Sources:

The primary data sources are the Office for National Statistics (ONS) and HMRC, while additional data comes from several commercial sources such as S&P Global, Lightcast, CBI, BCC, HM Land Registry and the Bank of England.

Monthly/Quarterly data for Business Activity, Jobs & Earnings, Unemployment and Sentiment & Investment.

In the case of several monthly indicators, the South East is used as a proxy geography for Hampshire.

Estimates of payrolled employees and their pay from HMRC Pay As You Earn (PAYE) Real Time Information are preliminary but seasonally adjusted. Employment figures differ from the ONS Labour Force Survey (LFS) data. Moreover, median pay figures differ from the ONS Average Weekly Earnings (AWE) and are based on gross earnings which do not cover other sources of income, such as self-employment.

For further information on Solent's labour market see Quarterly Labour Market Updates and Monthly Ward Claimant Count Reports available at:

<https://www.hants.gov.uk/business/ebis/reports>

Produced by Solent LEP in partnership with the Economic & Business Intelligence Service (EBIS)

