Recession to Recovery

Monthly Intelligence Dashboard

February 2023

SOLENT **LOCAL**
ENTERPRISE **PARTNERSHIP**

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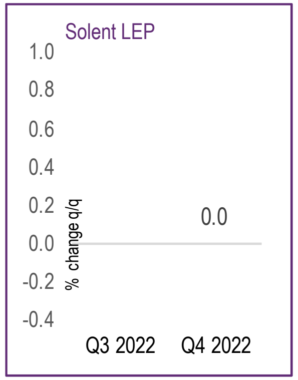
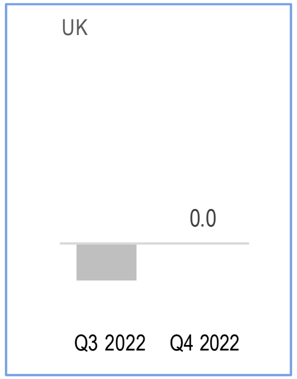
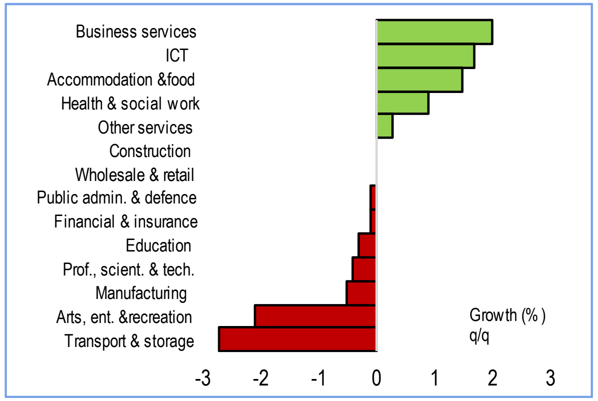
Business Activity

Economic Growth

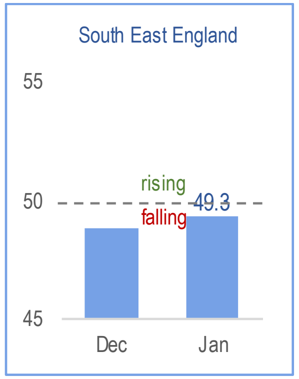


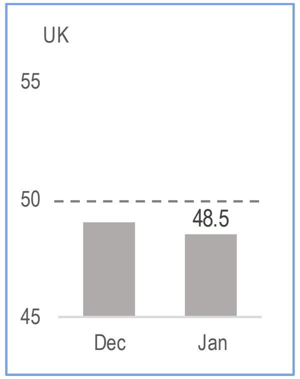


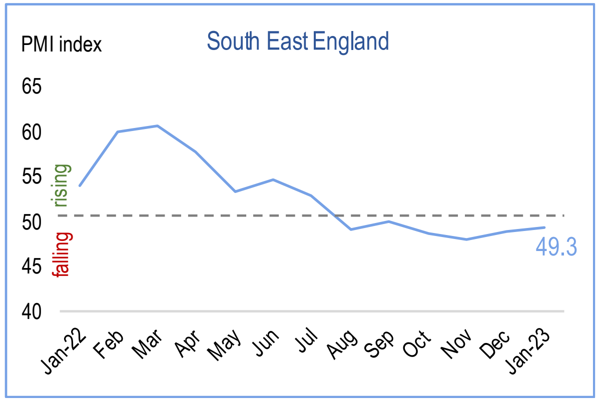


- Our preliminary estimate suggests that the Solent LEP area economy stalled with flat growth in the final quarter of last year, thus avoiding a technical recession.
- Growth in private consumption and investment was largely offset by net trade - export volumes fell by 1.0% in the final quarter of last year.

Business Activity

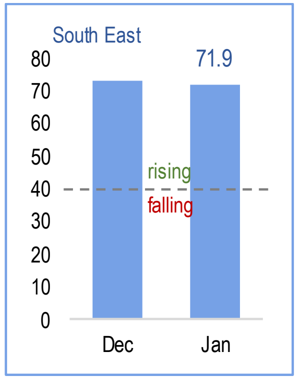


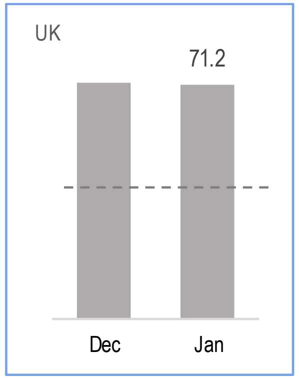


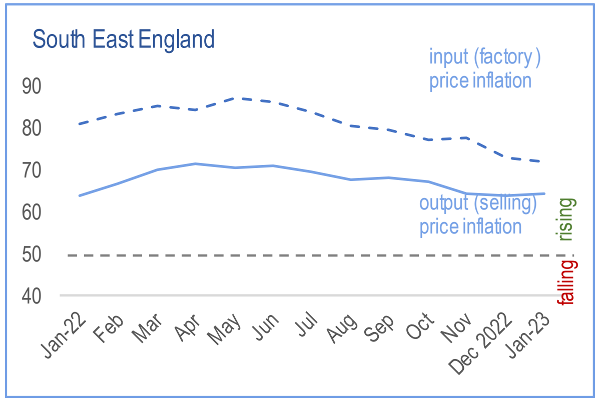


- Estimated fall in Solent LEP area's monthly GVA of around 0.8% in December (UK -0.5%) suggests that avoiding a recession may prove harder.
- Survey data points to a small fall in output in January but the volume of new orders in the region increased for the first time in four months.

Business Prices

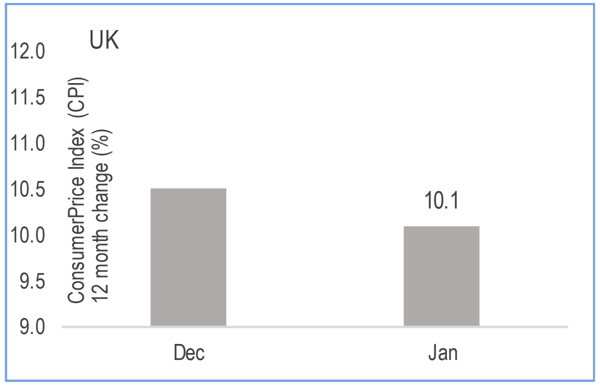


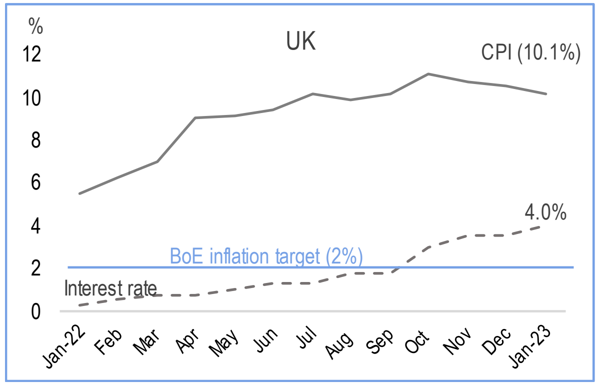




- Business prices remain elevated, but rate of input prices growth eases in December to 19 month low.
- Hike in interest rates, utility and wage costs cited as primary drivers for rising costs. Output inflation softening with weakest rise since Jan 2022 but competitive pressures still forcing businesses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

Inflation

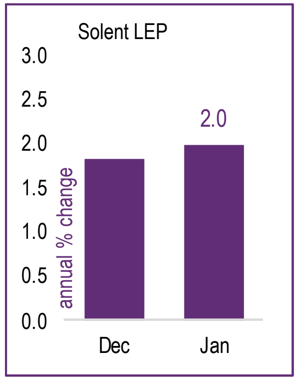


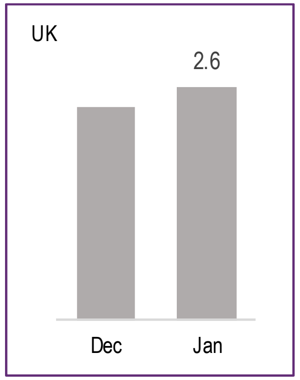


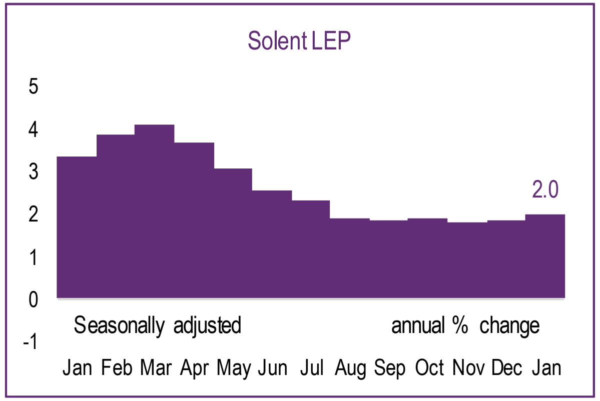
- Growth in consumer prices eased to 10.1% in January. The easing in services inflation and the drop in the core rate from 6.3% to 5.8% suggest that inflation will continue to moderate.
- The Bank of England raised the rates to 4% in December and implied that rates are close to their peak.

Jobs and Earnings

PAYE Employees

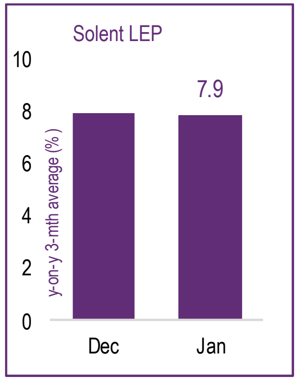


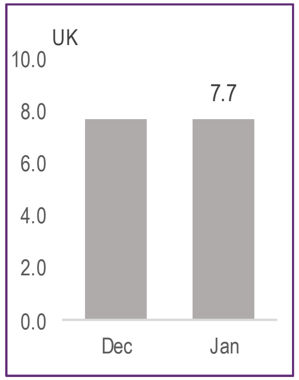


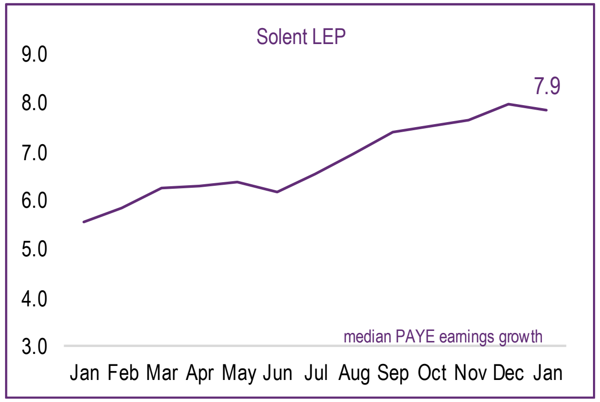


- PAYE employment in Solent LEP area saw growth in January to reach a record high of 541,700 payrolled employees.
- Growth on revised monthly payrolled employment was much stronger with 1,800 additional employees. Annual and monthly employee growth (2.0%) was at a slower pace than SE or UK.

PAYE Earnings

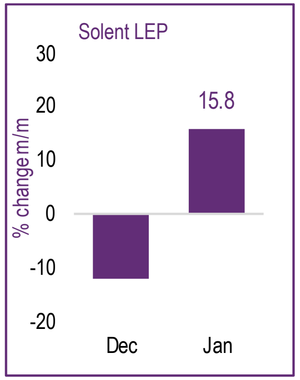


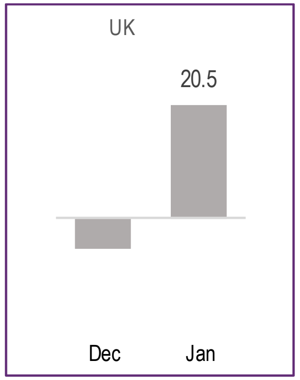


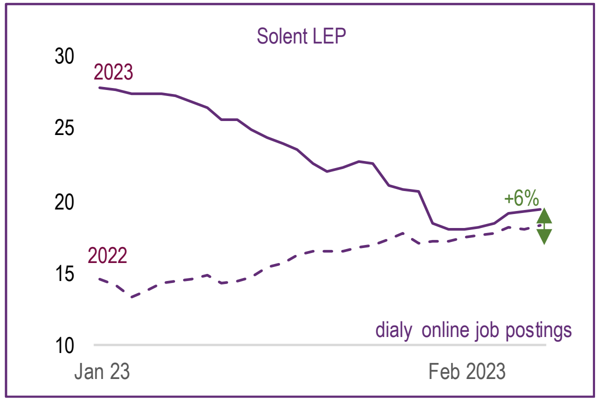


- Early payroll estimate for Solent area points to a strong increase in median monthly PAYE pay growth at 7.9% in the quarter to January compared to January 2021 but at a slower pace than last month.
- The Bank of England will be increasingly concerned about the strong growth of PAYE wage growth.

Labour Demand







- Job vacancies (the number of online job postings) in Solent increased (seasonally) by 15.8% in January. However, daily hiring intensions 6% higher than a year ago.
- In addition to seasonal flows, the latest figures possibly showing early sign of a slow down in vacancies as businesses become more cautious.

Demand by Occupation

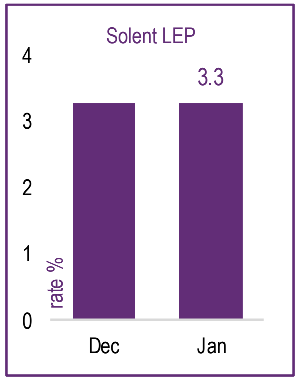
Unique jobs postings by Occupation (SOC)	Jan	% of total
Care Workers and Home Carers	2,245	8.0
Other Administrative Occupations n.e.c.	1,472	5.3
Sales Related Occupations n.e.c.	1,423	5.1
Nurses	1,394	5.0
Programmers & Software Development Professionals	1,121	4.0
Customer Service Occupations n.e.c.	1,084	3.9
Kitchen and Catering Assistants	1,029	3.7
Cleaners and Domestics	823	2.9
Van Drivers	695	2.5
Managers and Proprietors in Other Services n.e.c.	664	2.4

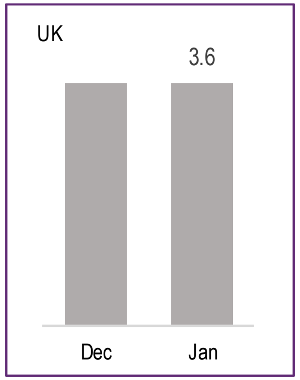
Unique jobs postings by Occupation (SOC)	Nov	% of total
Programmers & Software Development Professionals	2,272	8.1
Care Workers and Home Carers	1,634	5.8
Sales Related Occupations n.e.c.	1,463	5.2
Other Administrative Occupations n.e.c.	1,456	5.2
Nurses	1,223	4.4
Customer Service Occupations n.e.c.	1,048	3.7
IT Business Analysts, Architects & Systems Designers	979	3.5
Kitchen and Catering Assistants	813	2.9
Human Resources and Industrial Relations Officers	732	2.6
Managers and Proprietors in Other Services n.e.c.	707	2.5

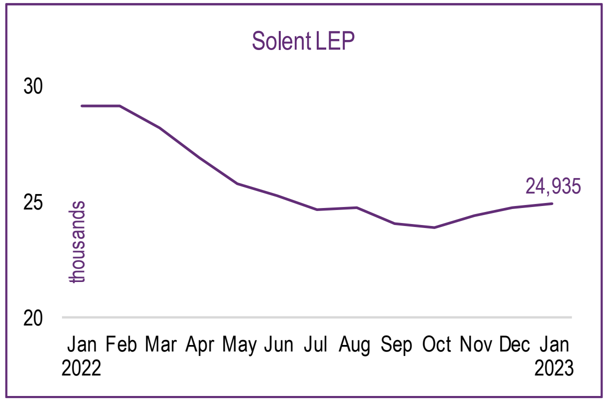
- In-demand jobs in Solent in January were in Carers/nurses, and B2B (admin, customer services, sales, HR). Demand for programmers remains high but lower than previously. Van drivers have risen.
- Top in-demand specialised skills in finance, accounting, IT, business operations, care and mental health.

Unemployment

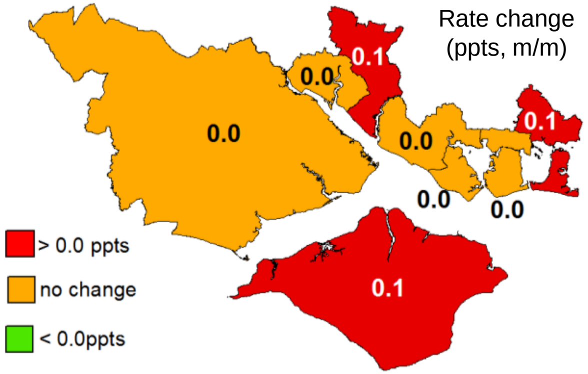
Claimant Unemployment

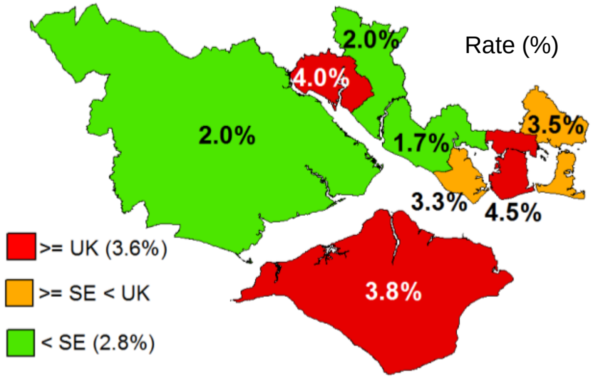




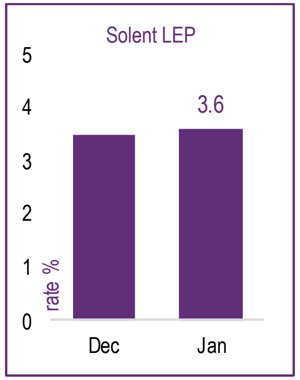


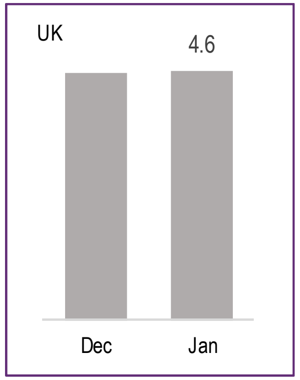
Local Claimants

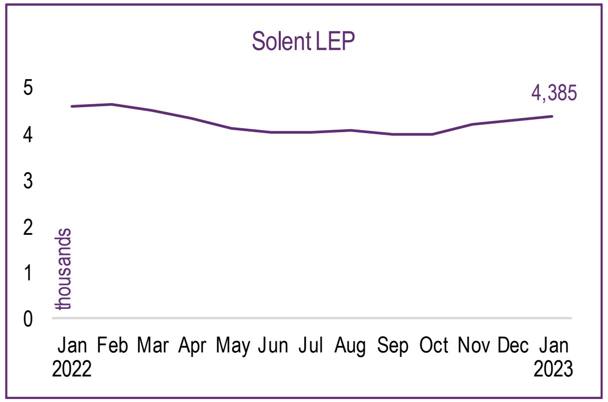




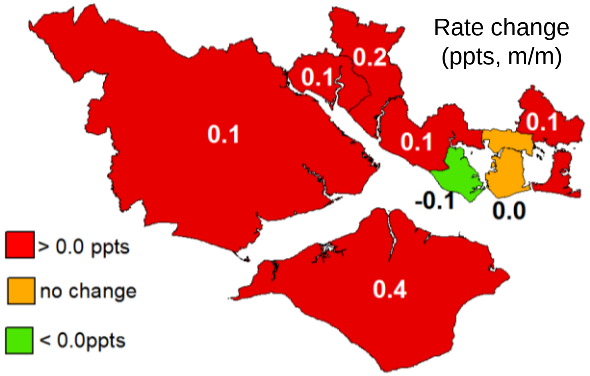
Youth Unemployment

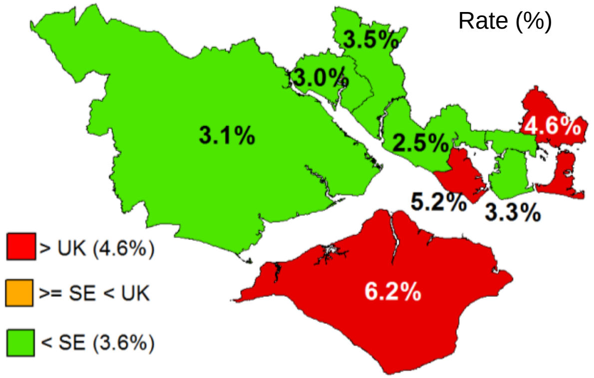






Young Local Claimants





- Working age unemployed claimant counts in Solent LEP area (not adjusted for seasonal factors) continues to rise (+175) to 24,935; albeit at a slower pace and focused more on young people (18-24 years).
- The unemployed claimant count rate was unchanged at 3.3%. The count is 29% higher than pre-pandemic levels

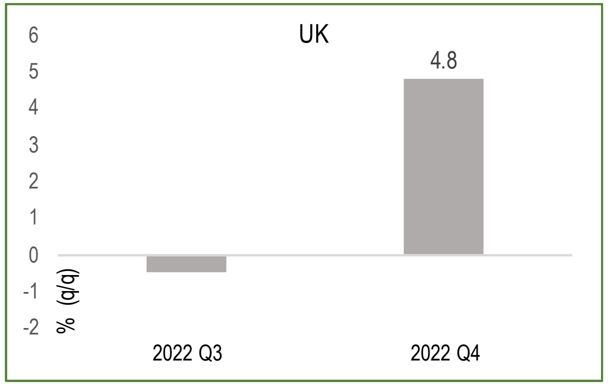
- Five of the eight local authorities in Solent LEP area no change in their claimant count rates with three recording an increase.
- The Isle of Wight (+90) accounted for a most of the increase in January, three times the two cities (+30).
- The two cities' and IoW rates are above the SE and UK averages.

- The number of young unemployed claimants aged 18–24-year-olds in Solent LEP area also saw an increase (+95) in January to reach 4,385 claimants.
- The youth claimant unemployment rate increased to 3.6% in January. Solent rate is below both the South East (3.6%) and UK (4.6%) averages.

- Six of the eight Solent LEP area local authorities saw an increase, notably the Isle of Wight (+0.4ppts), one district no change and one district a decrease in their monthly rates.
- Most Solent LEP area districts had rates below the SE and UK rates, while Havant, Gosport and IoW are equal or above the UK rate.

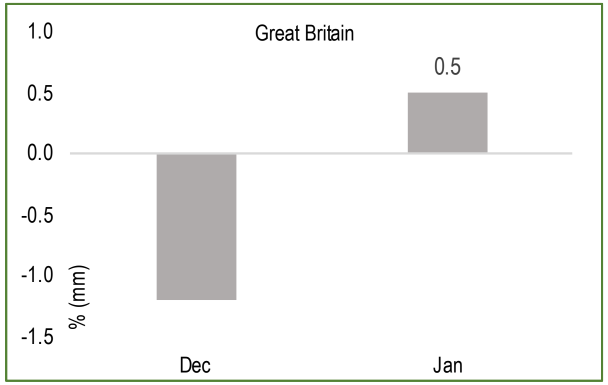
Sentiment and Investment

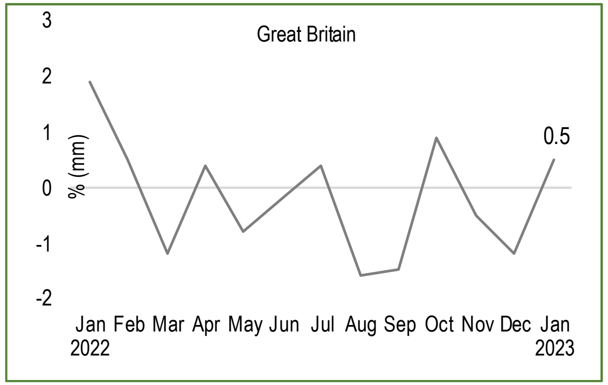
Business Investment



- Business investment increased by 4.8% in the final quarter of last year.
- It has taken business investment three years to return to its pre-Covid19 level.
- Business sentiment in the region reached an eight-month high in January, in part driven by expected recovery in demand.

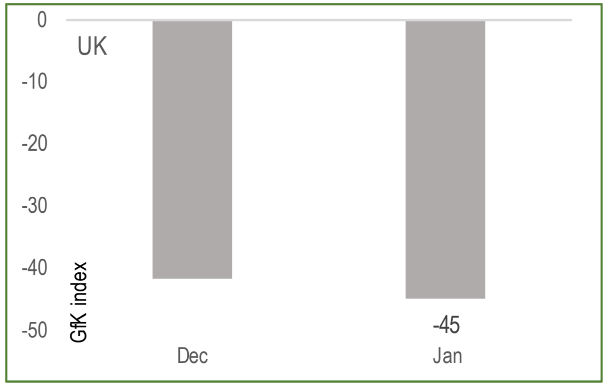
Retail Sales

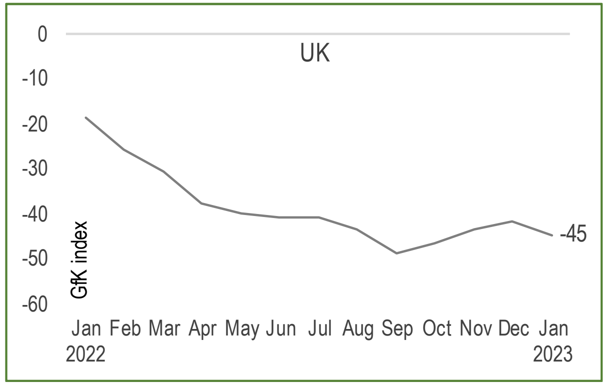




- Retail sales volumes increased by 0.5% in January which was better than expected. Sales volumes were still 1.4% below their pre-coronavirus (February 2020) levels,
- The sharpest falls in real household incomes are behind us but the outlook for retail sales is subdued for at least another six months.

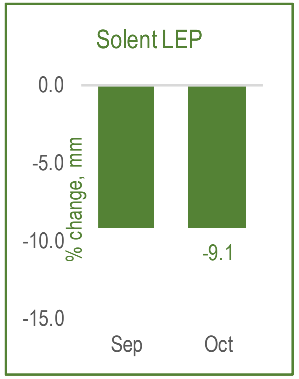
Consumer Confidence

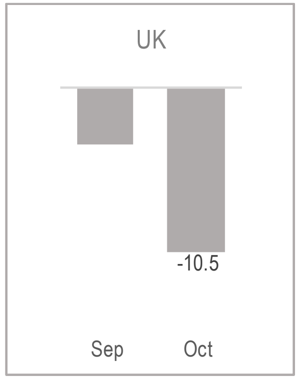


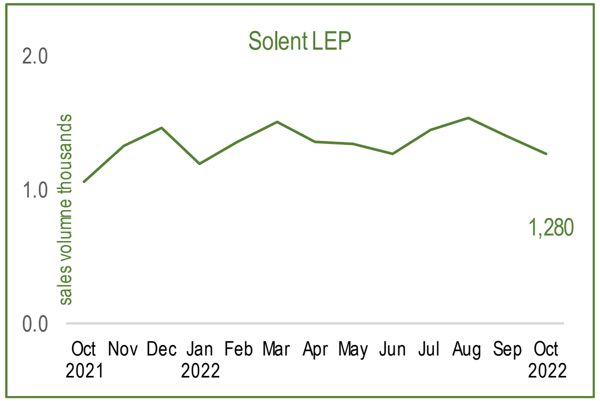


- Following a three point drop in January consumer sentiment returned to near historic lows.
- The major purchases index fell which doesn't bode well for growth outlook but the outlook for personal financial situation improved slightly.
- There were high levels of pessimism over the state of the wider economy.

House Sales







- House sales in Solent LEP area decreased sharply in Oct (-9.1%) with 141 fewer sales as the housing market begins to cool.
- Timely data suggests buyer demand at lowest since 2009 (RICS).
- House prices down according to Rightmove and Nationwide or stalled according to Halifax.

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)

SOLENT LOCAL ENTERPRISE PARTNERSHIP

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