Resolution Foundation

QUARTERLY BRIEFING: Q1 2017

THE RF EARNINGS OUTLOOK

The Scorecard: Q1 2017



What's round the corner: Pay pressures and slack



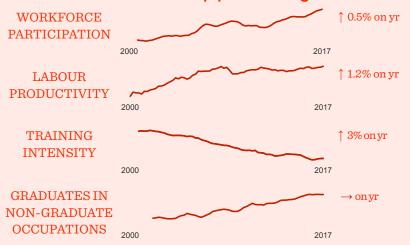
The unemployment rate has fallen to 4.6%, a 40 year low. Long-term unemployment (6 months+) is back to pre-crisis levels but above its mid-2000s low point.

Underemployment (net hours desired by those in work as well as the unemployed) is down 10% but remains 27% above its mid-2000s low.

Job-to-job moves, which are a key mechanism of pay progression and can reflect worker confidence, have flattened since late 2015.

Although net migration has fallen since the EU referendum, this hasn't yet had an effect on migrant labour supply. The share of job entries made up by migrants continues to grow.

What's in the pipeline: Longer-term labour market health and efficiency



Boosting participation is key to full employment (although it can constrain pay growth in the short term). The 18-69 participation rate has risen to another new high of 75.2%.

Labour productivity is the main long-term driver of real pay. Provisional Q1 calculations show productivity growth slowing and still well below the pre-crisis norm.

Training can boost individual productivity and may reflect employer confidence. 'Off-the-job' training rates had been on a downward trend but have risen 3% over the past year.

Grads in non-grad roles reflect mismatches between qualifications and jobs, and may constrain productivity. The rate has risen over time but been stable over the past year.

This work contains statistical data from the ONS which is Crown Copyright. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates. Source: RF analysis of ONS/DWP datasets. Notes: all real-terms series are CPI-adjusted; for further details of data sources and methods go to <u>www.resolutionfoundation.org/data/sources-and-methods</u>. A full breakdown of each indicator is available at <u>www.resolutionfoundation.org/earningsoutlook</u>. This project was funded by the Nuffield Foundation, but the views expressed are those of the authors and not necessarily those of the Foundation.