

BCC: Labour market remains robust, but earnings slowdown concerning

Commenting on the labour market figures for June 2018, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The marked increase in employment and the continued drop in the number of people out of work confirms that the UK labour market continues to perform robustly, even though wider economic conditions are weakening. While a slowing economy may start to weigh more heavily on jobs growth in the coming months, the high degree of flexibility in the UK labour market is likely to help curb the extent of any increase in unemployment.

“While pay is still outpacing price growth, the slowdown in earnings growth is a concern. Delivering sustained rises in real pay growth is likely to prove an uphill struggle amid weak productivity and a sluggish economy. As a consequence, household finances are likely to remain stretched, particularly given weak household savings and high debt levels. The slowdown in earnings growth, together with the recent weakness in a raft of other economic indicators, undermines the case for tightening monetary policy.

“The uptick in job vacancies is further indication of the chronic skills shortage with firms reporting that they are increasingly struggling to find staff with the right skills, which is stifling business growth and productivity. More needs to be done to safeguard the long-term health of the UK labour market, including reforming the Apprenticeship Levy through allowing more Levy funding to be passed down the supply chain and providing more support for SMEs accessing apprenticeship funding. Greater clarity is also needed on the UK’s future immigration regime.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 53 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The BCC has launched a campaign aimed at eradicating not-spots for mobile voice coverage. Add your not-spot [here](#).

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