Are telling signs starting to emerge?

Key points:

- UK economic data feels confusing – grim but subdued, rather than truly awful. In some respects, this shouldn't be a surprise, as GDP growth is tracking at 1.2%. Modest at best, but hardly at recessionary levels.
- Yet more than half of that is coming from a huge increase in public spending, which cannot go on for ever, and is being funded from borrowing, with possibly no improved productivity in the end.
- Then there is the labour market, where the continuing travails of the ONS means much of their labour market survey data is not fit for purpose, and provides little clarity on the true state of the economy.
- More helpful is the monthly HMRC payroll data. However, this is prone to large revisions, so a rolling 3-month average is often a more reliable way to gauge this data. Given how tough the graduate recruitment market is right now, and the difficulties facing the hospitality industry, this chart seems like a more plausible, realistic, and sobering representation of the current state of the job market. The extreme statistics we witnessed during lockdown and the immediate recovery after have been cropped out to make the chart easier to interpret.
- What we saw in 2016-2019, hardly a period of strong economic growth, was around a +25k to 30k increase in payrolls per month. Now it's running at -30k and has been persistently negative for over a year. Not very inspiring numbers to support the signs of growth to say the least.

60
40
20
0
-20
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
3M moving average of PAYROLLED EMPLOYEE COUNTS (PAYE RTI) - CHANGES : United Kingdom

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Sources: Collidr, Bloomberg. Indices: Barclays, FTSE, Bloomberg, STOXX, Japan Exchange Group, MSCI, S&P, New York Mercantile Exchange, Chicago Mercantile Exchange, Bureau of Labour Statistics, US and Office for National Statistics, UK.

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