

# West Midlands monthly economic update report

January 2010

## National Headlines:

- The UK economy is thought to have returned to growth in Quarter 4 2009, growing 0.1% and ending the longest UK recession on record (figures are preliminary and may yet be revised upwards or downwards).
- It is estimated that manufacturing output rose by 0.4% in Q4 2009, whilst the service sector saw growth of 0.1% and the construction sector saw no change.
- Car production and registrations in December 2009 were 39% and 56% higher than a year earlier.
- The number of unemployed people fell by 7,000 in the three months to November 2009, the first fall since March-May 2008. However the number of people in employment also fell by 14,000 over the quarter.
- There were some 79,000 more economically inactive people of working age in the three months to November, largely driven by the number of students not in the labour market.
- The number of Jobseekers Allowance claimants fell for a second month in December, down 15,200 on November.
- Annual inflation (Consumer Price Index) rose a full percentage point to 2.9% in the year to December 2009, the largest ever monthly increase.
- Average house prices rose by 0.1% between November and December and by 2.5% in the year to December.

## Regional Headlines:

- The West Midlands saw a sixth month of rising business activity in December. Whilst the growth was the fastest seen for over two years it remained below the UK average.
- Businesses also saw a sixth month of rising new orders. The pace of growth was slightly below the UK average and slower than that seen by the region in October and November.
- The number of employed people in the region rose by 28,000 in the three months to November, but at 2.44 million remains 25,000 less than a year earlier.
- The three months to November 2009 saw the region's unemployment level fall by 20,000 to 259,000. This was 65,000 more than the three months to November 2008.
- The regional unemployment rate fell by 0.8 percentage points over the quarter to 9.6%. This is now the second highest in the UK after the North East region.
- The West Midlands number of JSA claimants fell by 2,400 between November and December 2009, but was still 44,800 higher than in December 2008.
- The region saw both its number of economically active (16+ years) and economically inactive (working age) increase in the three months to November, up 8,000 and 5,000 respectively.
- The West Midlands Purchasing Managers Index (PMI) reports that whilst December saw a weaker pace of job-shedding by businesses, it was faster than any other region in the UK.
- The three months to December saw a sharper rise in notified vacancies in the West Midlands than seen on average across Great Britain, rising 7.2% over the year compared to a rise of just 0.1% nationally.
- Non-seasonally adjusted figures show the region had 885 fewer JSA claimants in December, with Birmingham and Staffordshire seeing the greatest falls over the month, dropping 481 and 218 respectively.

## UK Overview – Output / Business Activity

Preliminary estimates report that the UK economy returned to positive growth in Quarter 4 2009, after contracting for six successive quarters, the longest UK recession on record. However at 0.1%, growth was weaker than commentators expected and means the UK economy contracted by a record 4.8% during 2009. On average, independent forecasts now estimate that the UK economy will grow by 1.4% in 2010, up from December's forecasts of 1.3% growth.

**Manufacturing** – manufacturing output rose by 0.4% during Q4 2009, compared with a 0.2% contraction in Q3. The Index of Production reports that manufacturing output in the three months to November 2009 was 7.7% less than a year earlier, with November's output alone 5.4% less. The largest falls over the month were in machinery and equipment (-17.4%) and basic metals and metal products (-12.1%). December's Manufacturing PMI saw further growth in business activity and new orders. Business activity rose for the seventh consecutive month and at the fastest rate since November 2007. However the investment goods sub-sector continues to see contracting activity. New orders rose at the fastest pace for 29 months and were mostly concentrated in domestic markets, in contrast to November's strong growth in export orders. Whilst manufacturers continued to shed staff, the pace of losses was the slowest since May 2008. Job losses were focused on large businesses, with SMEs reporting a slight rise in staffing levels. Nevertheless backlogs of outstanding business continued to shrink highlighting that many manufacturers still have spare capacity.

**Automotive manufacturing** – the Society of Motor Manufacturers and Traders (SMMT) reports that December's car registrations were 39% higher than a year earlier, with car production up 56% (the largest annual rise since 1976). Commercial vehicle output rose in December for the first time in 17 months. Around a fifth of December's registrations were attributed to the Car Scrappage Scheme with sales boosted further by the imminent rise in VAT. Total car registrations in 2009 were 6.4% lower than in 2008, with 2010 expected to see even lower levels and only limited recovery in commercial vehicle sales.

**Services** – it is estimated that service sector output rose by 0.1% in Q4 2009, largely driven by the distribution, hotels & restaurants sector. Business services & finance and transport, storage & communications both saw zero growth over the quarter. The Services PMI business activity and new orders improve further during December and positive expectations for 2010. Large businesses and those in the business services sub-sector saw the strongest growth in business activity. New orders growth was the strongest since September 2007, with businesses attributing this to further improvements in business conditions; clients releasing previously delayed expenditure; and greater marketing efforts. Whilst the sector still saw job-shedding during December (particularly amongst larger businesses), it was the slowest for 18 months. This was despite some businesses stating that increased orders had stretched their capacity, suggesting businesses are looking to maximise the productivity of their existing workforce.

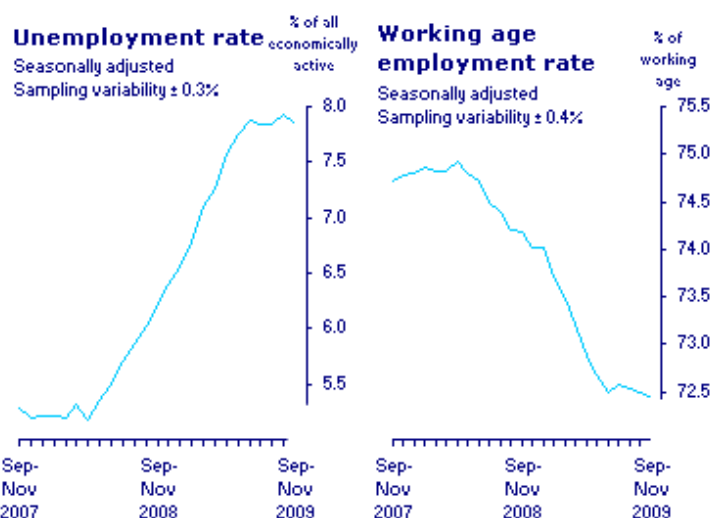
**Construction** – construction output saw zero growth during Q4 2009. The Construction PMI reports that business activity continued to contract during December, making it the 22<sup>nd</sup> month of decline for the sector. The residential sub-sector saw a fourth month of rising business activity, whilst the commercial and civil engineering sub-sectors saw further reductions. December also saw a fall in new orders, following the small increase seen in November. Businesses noted that clients had reduced construction budgets and that there was strong competition for the limited number of new offers to tender. The sector continued to shed staff during December as firms restructured to reflect lower levels of work and cut back on the use of sub-contractors. Despite the declines in performance in December, businesses showed a growing optimism in future business conditions.

**Retail** – the British Retail Consortium reports that December's retail sales were stronger than commentators had expected. The three months to December saw that like-for-like sales were 3.3% higher than the same period in 2008, with non-food sales outperforming food sales (annual growth of 3.8% and 2.6% respectively). More volatile monthly figures show that December's like-for-like sales were 4.2% higher than a year earlier when sales had slowed considerably due to the downturn in financial markets. December saw the strongest growth in food sales since June, whilst the poor weather encouraged higher clothing and footwear sales. December's non-food non-store sales (internet, mail order and phone sales) saw the strongest growth rate of the year, up 26.5% on a year before, compared to 16.9% in November.

## UK Overview – Labour Market

In the three months to November 2009 the number of employed people in the UK fell by 14,000 to 28.92 million. This was 451,000 less than a year earlier. The national working age employment rate fell 0.1 percentage points over the last quarter and by 1.7 points over the last year to 72.4%, the lowest since 1997. The rate for men fell by 0.4 percentage points over the quarter to 75.3%, whilst it rose by 0.1 points for women to 69.3%.

The number of people in full-time employment dropped by 113,000 in the three months to November, whilst the number in part-time employment rose by 99,000 to a record high of 7.71 million. Within this 1.03 million people stated that they were working part-time because they were unable to find full-time employment, 46,000 more than the previous quarter.



Source: ONS, Labour Market Statistics, January 2010

The number of unemployed people in the UK fell by 7,000 in the September to November period, the first time the level of unemployment has fallen since March-May 2008. Over the quarter, the number of unemployed men fell by 20,000 the number of unemployed women rose by 13,000 and the number of unemployed 18-24 years olds fell by 12,000.

At 2.46 million the total number of unemployed remained 511,000 more than a year earlier. In addition the number of people who had been unemployed for more than a year rose by 29,000 over the quarter to 613,000 – this is the highest since November 1997. The unemployment rate remained unchanged over the quarter at 7.8%, up 1.6 percentage points over the previous year. The number of Jobseekers Allowance claimants fell for a second month between November and December 2009, dropping by 15,200. Over the last year the claimant register has grown by 430,700 to 1.61 million.

There were 79,000 more economically inactive people of working age in the three months to November 2009. This brings the total to a record high of 8.05 million, 202,000 more than the same period a year earlier. As a result the working age inactivity rate rose by 0.2 percentage points over the quarter to 21.2%. Subsequently the working age economic activity rate now stands at 78.8%, down 0.4 percentage points over the last year. This significant increase in inactivity was largely driven by the number of students not in the labour market.

In the three months to November, 182,000 people said they had been made redundant in the previous quarter. This was 31,000 less than the previous three months and 46,000 less than a year before. There were 448,000 job vacancies in the three months to December 2009, 16,000 more than the previous quarter, but 80,000 fewer than a year earlier.

### UK Labour Market Statistics

	Reference Period	Level (000s)	Change on period (000s)	Change on year (000s)	Rate (%)	Change on period (%)	Change on year (%)
Employment*	Sept – Nov 09	28,921	-14	-451	72.4	-0.1	-1.7
Unemployment**	Sept – Nov 09	2,458	-7	+511	7.8	0.0	+1.6
Economically active*	Sept – Nov 09	31,379	-21	+60	78.8	-0.2	-0.4
Economically inactive***	Sept – Nov 09	8,046	+79	+202	21.2	+0.2	+0.4
Claimant count†	Dec 09	1,606.5	-15.2	+430.7	5.0	0.0	+1.3

\*Levels are for those aged 16 and over; rates for those of working age (16 – 59/64)

\*\* Levels and rates are for those aged 16 and over; rate is a proportion of economically active

\*\*\* Levels and rates are for those of working age

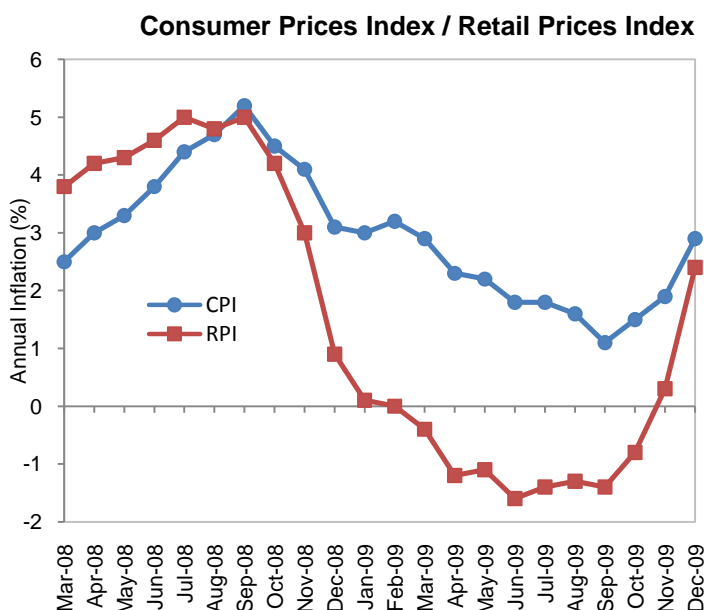
† Claimant count levels are the number of JSA claimants; the claimant rate is the number of claimants as a percentage of claimants plus the number of workforce jobs

Source: ONS, Labour Market Statistics, January 2010

## UK Overview – Inflation

The Government uses the Consumer Price Index (CPI) to monitor annual inflation. Its current target for the CPI is 2%. Annual inflation in December 2009 according to the CPI was 2.9%, up a full percentage point from the 1.9% reported in the year to November. This is the largest ever month-on-month rise in annual inflation and is attributable to a series of key events in December 2008: the reduction in VAT (from 17.5% to 15%); steep falls in oil prices; and pre-Christmas sales prompted by the economic downturn. Inflation is likely to rise further in coming months due to the VAT rise in January 2010 and higher fuel prices resulting from greater demand during cold weather spells.

The largest upward pressures between November and December 2009 came from transport (in particular fuel and lubricants and new cars); clothing and footwear; recreation and culture; and furniture and household goods. There were no significant downward pressures.



Source: Office of National Statistics, January 2010

In the year to December 2009 the Retail Price Index (RPI) rose by 2.4%, up from the 0.3% annual rise reported in November. In addition to the pressures seen by the CPI, the RPI saw its largest upward pressure over the month come from housing, driven by mortgage interest payments which rose in 2009 but fell in the same period in 2008.

The Producer Price Indices (PPI) monitor the price changes of goods bought and sold by UK manufacturers, with input prices being the prices of materials and fuels bought by UK manufacturers and output prices the prices at which their goods are sold to home markets.

### Producer Price Indices

Date	Percentage Change			
	Input Prices (material and fuels purchased – not seasonally adjusted)		Output Prices (all manufactured products – not seasonally adjusted)	
	12 months	1 month	12 months	1 month
July 2009	-12.2	-1.1	-1.3	0.2
August 2009	-7.7	2.0	-0.3	0.3
September 2009	-6.2	-0.1	0.4	0.5
October 2009	0.4	2.8	1.9	0.3
November 2009	4.0	0.1	2.9	0.2
December 2009	6.9	0.1	3.5	0.5

Source: National Statistics, Producer Prices Index, January 2010

Input prices rose by 6.9% in the year to December 2009, up from 4.0% the month before. Input prices rose by 0.1% between November and December, reflecting rising prices for imported parts and equipment and fuels, in part offset by falling crude oil prices. When excluding sectors that see more volatile prices changes (food, beverages, tobacco and petroleum) input prices rose by 1.0% over the year and by 0.4% over the month. In the year to December, output prices rose by 3.5% (up 2.9% in November) and by 0.5% between November and December. The rise was largely driven by the prices of other manufactured products, transport equipment and food and electrical products. When excluding volatile sectors output prices rose by 2.6% in the year to December and by 0.7% between November and December.

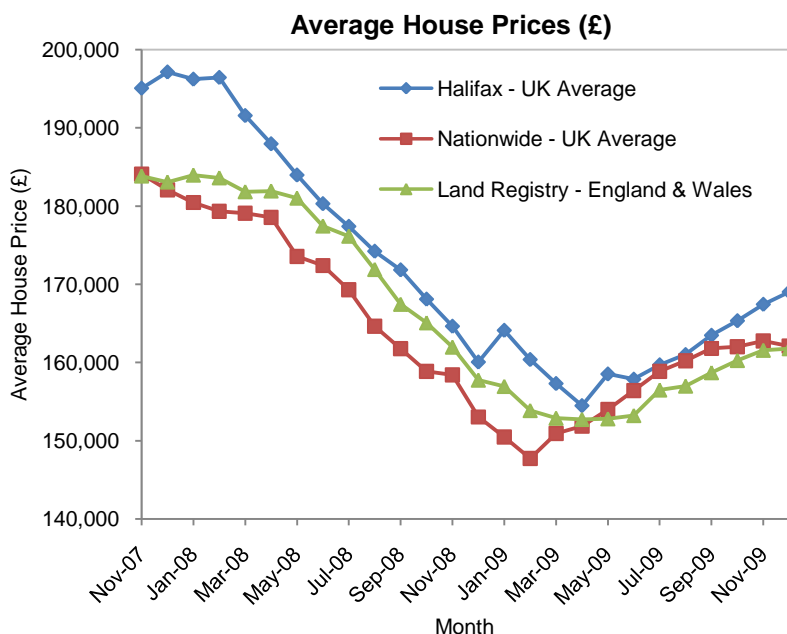
The Manufacturing PMI reports that businesses saw the steepest rise in input prices for 15 months in December. Whilst largely driven by rising commodity prices, it was also partly attributed to suppliers having lower stock levels. Manufacturers also reported a second month's rise in output prices, albeit the rise was fairly small due to continued competition for business. The Services PMI also reported an acceleration of input price increases (largely due to rising fuel prices) alongside falls in output prices.

## UK Overview – Housing, Property & Regeneration

The Land Registry reports that average house prices rose by 0.1% between November and December 2009, with annual growth of 2.5%.

The Nationwide and Halifax report that average house prices rose by 0.4% and 1.0% respectively between November and December 2009 and by 5.9% and 1.1% over the year. The Nationwide notes that despite the improvements seen in the second half of 2009, prices remain 12% lower than at their peak in October 2007. December's increase had also slowed on the rises seen in recent months.

House purchase transactions have also fallen sharply, dropping by 65% between January 2007 and November 2008. This has resulted in the pent-up demand that, alongside low stock levels and interest rates, enabled prices rises in late 2009.



Source: Halifax / Nationwide / Land Registry HPI, January 2010

Mortgage approvals for house purchase continue to improve, with November's approvals the highest since March 2008 and 123% more than a year earlier. Looking forward, interest rates will be a key factor behind future house price rises, since increases in the former will affect mortgage affordability. The Nationwide highlights the current role of 'cash-rich' buyers in holding up housing demand. Mortgage credit conditions are now much tighter than they were pre-recession. As a result housing demand is heavily dependent on those that have large amounts of cash or equity to underpin their purchase. It is not yet clear whether the current demand from such buyers will continue over the longer-term.

### New Construction Orders in Great Britain

	Volume of Orders: Seasonally adjusted; Constant (2005) prices (£m)						
	Public Housing <sup>1</sup>	Private Housing <sup>1</sup>	Infrastructure	Public (excl. infra.)	Private Industrial	Private Commercial	All New Work
Jun 09 <sup>r</sup>	182	339	533	641	169	655	2,519
Jul 09 <sup>r</sup>	370	381	1,010	933	89	468	3,250
Aug 09 <sup>r</sup>	263	293	706	687	99	571	2,619
Sept 09 <sup>r</sup>	173	454	675	915	136	600	2,953
Oct 09 <sup>p</sup>	242	491	564	502	146	763	2,708
Nov 09 <sup>p</sup>	159	630	382	843	137	618	2,768

<sup>1</sup> Excludes orders for home improvement work; <sup>p</sup> Provisional figures; <sup>r</sup> Revised Figures

Source: New Orders in the Construction Industry, January 2010 (Office of National Statistics)

In the three months to November 2009, the value of new construction orders rose by 1% on the previous quarter but was 4% higher than the same period in 2008. In total new orders in the 12 months to November were 14% lower than the preceding year. The three months to November saw private housing orders rise by 56% on the previous quarter, whilst public and housing association orders fell by 30%. They rose by 23% and 9% respectively when compared to a year earlier. Private commercial orders increased by 17% in the three months to November, whilst private industrial orders rose by 18%. These levels were however 34% and 10% lower than a year earlier.

Infrastructure orders (both public and private sector) dropped by 28% in the three months to November compared with the three months to August 2009, but were 102% higher than the same period in 2008. Public non-housing orders (excluding infrastructure) were unchanged over the quarter, but 10% higher than the same period in 2008. In the year to November infrastructure orders were 54% higher than the year before, with public non-housing orders up 9%.

# UK Overview – Confidence & Investment

## Consumers

The Nationwide Consumer Confidence Index (NCCI) fell by five points during December to 69 (classified as 'Gloomy' on the Index's Confidence Barometer). This was the largest monthly fall seen since November 2008 and was driven by an eight-point fall in the Index's Expectations sub-index. In contrast the Present Situation sub-index was unchanged between November and December. Commentators suggest that this fall in confidence may have reflected the forthcoming rise in the rate of VAT and other changes announced in the Pre-Budget report. Nevertheless it emphasizes the cautiousness of consumers and the likely slow recovery of consumer confidence as the various Government temporary stimulus measures are withdrawn during 2010.

The proportion of consumers who felt that the current economic situation is bad rose by three percentage points over the month to 73%. Likewise 70% of consumers felt that there are not many or few jobs available, up three percentage points on November's figures. 34% of consumers believed that the economic situation will be better in six months time, down from 41% in November but markedly up on the 17% reported in January 2009. However 44% believed that conditions would be the same. The proportion of people who think there will be many or some jobs available in six months fell from 27% to 25% (although this remains ten percentage points higher than reported in January 2009), whilst 53% believed there would be not many or few jobs available.

Consumers' spending confidence fell by one point in December and has remained largely stable since September 2009. 35% of consumers felt that it was a good time to make a major purchase (e.g. house, car). In contrast there was a significant rise in the proportion of consumers believing it was a bad time to make a major purchase, up four percentage points in December to 38%. This is likely to reflect the end of the stamp duty holiday and the impending rise in VAT. However the proportion of consumers who thought it was a bad time to buy household goods (e.g. white and brown goods) fell to 13%, from 15% in November, with the proportion thinking it was a good time to make such a purchase rising three percentage points over the month to 42%. Consumers expect house prices to increase by 1% over the next six months, unchanged on November.

## Business

The Bank of England's summary of business conditions reports that whilst businesses' investment intentions remain subdued few are planning to make further significant reductions following the large cuts in spending they made in 2009. Companies attributed their reluctance to invest on continued spare capacity; on-going concerns about the sustainability of any growth in demand; and reservations about drawing on their cash reserves.

Where businesses have plans to invest this was largely driven by efforts to improve efficiency rather than to support increased output. This is also reflected in terms of businesses' inventories, with most choosing to retain these at low levels because of uncertain future demand; pressures on working capital; and in some cases as a result of improved inventory management introduced during the recession.

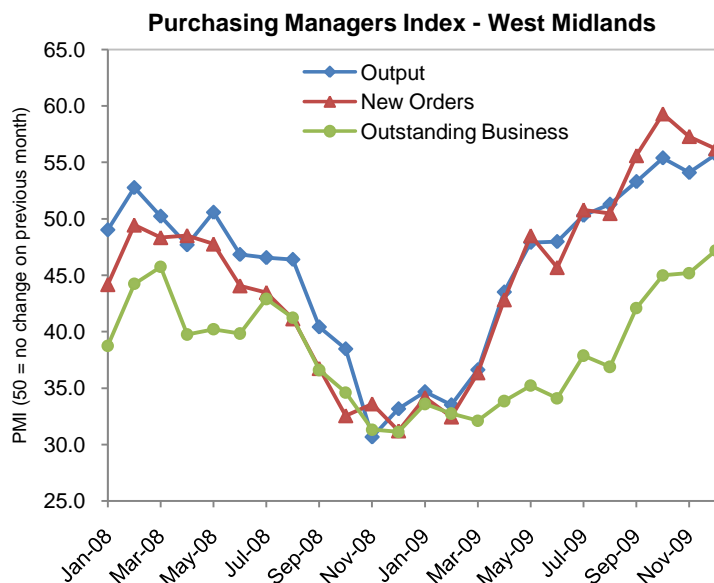
This pattern was similarly mirrored in businesses' employment intentions, with few planning to make further large cuts in staff numbers, but equally not planning to recruit sizeable numbers of permanent staff. Instead those responding to any growth in business activity, were choosing to increase working hours (including unwinding short-time working measures) and/or use temporary staff.

A growing number of businesses are reporting growth in their export performance, albeit this remains from a low base and varies significantly between the sectors and markets businesses are operating within. Demand from developing economies appears to be growing more quickly, with more mixed experiences of demand from Europe and North America. Businesses are more frequently attributing improvements in orders to the depreciation of Sterling.

## West Midlands Overview – Output / Business Activity

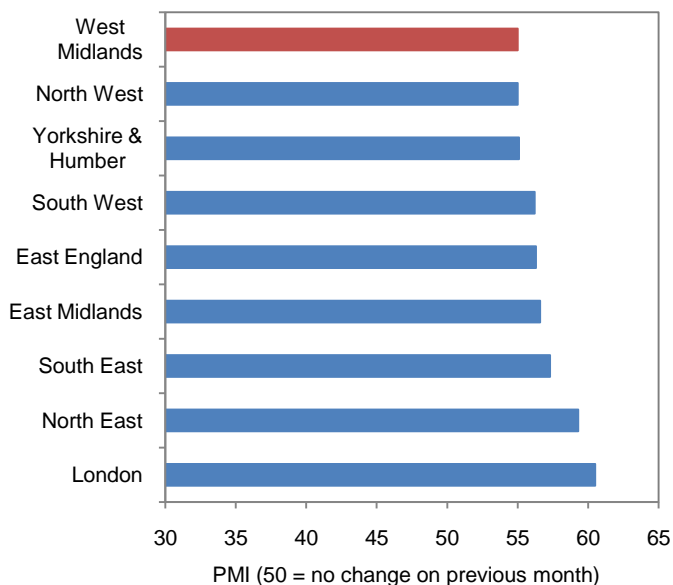
Produced by Markit Economics, the Purchasing Managers Index (PMI) surveys businesses from the manufacturing and service sectors to track a series of variables<sup>1</sup>. The Index gives the earliest indication of business conditions each month.

Business activity by the region's private sector rose for the sixth month running in December 2009. The improvement was the fastest seen by the region in over two years, but remained less than the UK average. The West Midlands continues to be the English region which has seen the sharpest fall in business activity over the last year, although the South West saw the weakest growth in December. The improvement seen between November and December was largely driven by the region's manufacturing sector, with the service sector continuing to see subdued growth.



Source: PMI West Midlands, Markit Economics, January 2010

### PMI Output (3-month average)



Source: PMI West Midlands, Markit Economics, January 2010

December also saw a sixth month of rising new orders, with businesses citing that customers were more willing to commit to new expenditure and that demand was boosted by some clients restocking their inventories. The month's growth in new orders was slightly less than seen nationally and slowed again on the pace of improvement seen in October and November. Again the growth in new orders was concentrated within the manufacturing sector.

Businesses continued to report that their backlogs of work were declining in December; however the pace of this decline was the slowest seen since September 2007. Whilst some businesses reported they had spare capacity that they were redeploying to work on outstanding business, other noted that they were seeing their backlogs increase as a result of increased demand and delays in receiving raw materials from their suppliers. Some businesses reported that their fall in outstanding work was attributed to improved productivity.

### Purchasing Managers Index (PMI)

Month	Seasonally Adjusted Index: 50 = no change on previous month					
	Output / Business Activity		New Orders		Business Outstanding	
	West Midlands	UK	West Midlands	UK	West Midlands	UK
August 2009	51.3	54.7	50.5	52.7	36.9	40.9
September 2009	53.3	54.4	55.6	53.6	42.1	42.1
October 2009	55.4	56.9	59.3	55.8	45.0	45.8
November 2009	54.1	56.5	57.3	56.0	45.2	47.7
December 2009	55.7	57.1	56.2	57.1	47.2	48.9

Source: PMI West Midlands, January 2010 (Markit Economics)

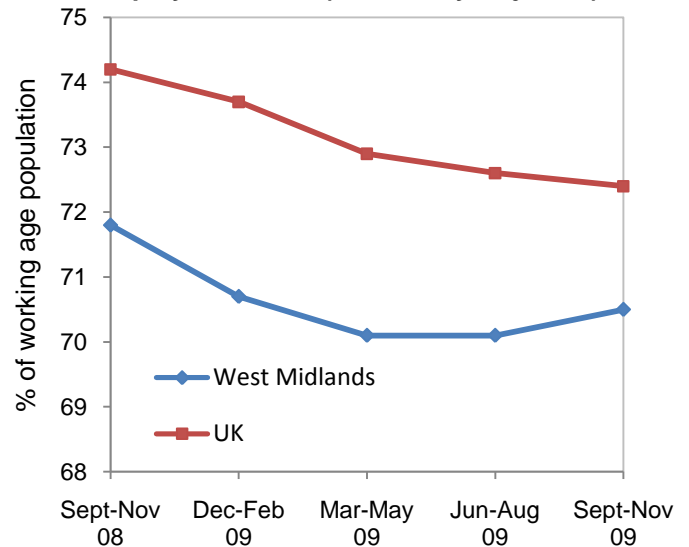
<sup>1</sup> The Index tracks output, new orders, employment and prices. An Index reading of 50.0 indicates no change on the previous month; readings above 50.0 signal an increase in activity and readings below 50.0 signal a decrease in activity on the previous month.

## West Midlands Overview – Labour Market

There were 2.44 million people in employment in the West Midlands in the three months to November 2009. This was 28,000 more than in the preceding quarter but still 25,000 less than a year earlier. The region's working age employment rate now stands at 70.5%, up 0.5 percentage points over the quarter but 1.2 points down over the year.

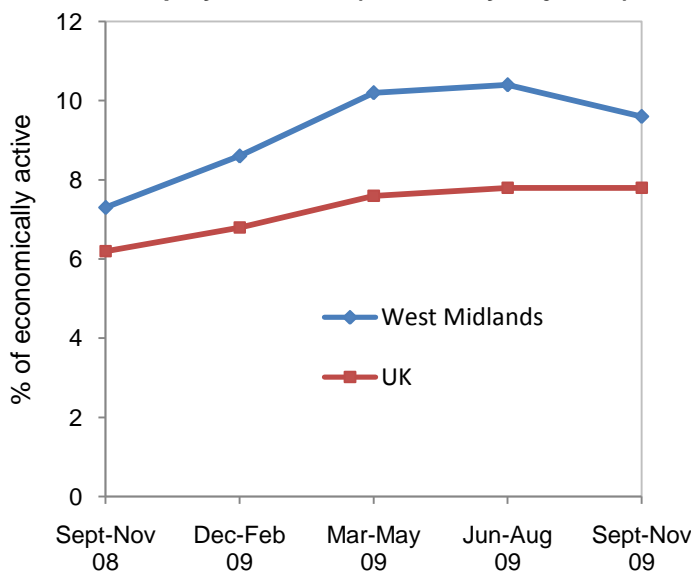
The number of unemployed people in the region fell by 20,000 in the September to November period to a new total of 259,000. This is 65,000 more than in the three months to November 2008. The region's unemployment rate fell by 0.8 percentage points over the quarter to 9.6%. This is 2.3 percentage points higher than a year earlier and now second highest in the UK after the North East.

Employment Rate (Seasonally Adjusted)



Source: ONS, Labour Market Statistics, January 2010

Unemployment Rate (Seasonally Adjusted)



Source: ONS, Labour Market Statistics, January 2010

The number of Jobseekers Allowance claimants in the region fell by 2,400 between November and December, but remains 44,800 more than a year ago.

The number of economically active people in the West Midlands rose by 8,000 in the three months to November 2009 to total 2.70 million. This is 40,000 more than in the same period in 2008. The economic activity rate for people of working age is now 78.4%, down 0.1 percentage points over the quarter and up 0.7 points over the year.

Correspondingly the region's working age inactivity rate rose by 0.1 percentage points over the quarter to 21.6%. This reflects 5,000 more economically inactive people of working age. The total now stands at 707,000, some 23,000 less than a year ago.

### West Midlands Labour Market Statistics (seasonally adjusted)

	Reference Period	Level (000s)	Change on period (000s)	Change on year (000s)	Rate (%)	Change on period (%)	Change on year (%)
Employment*	Sept - Nov 09	2,439	+28	-25	70.5	+0.5	-1.2
Unemployment**	Sept - Nov 09	259	-20	+65	9.6	-0.8	+2.3
Economically active*	Sept - Nov 09	2,698	+8	+40	78.4	-0.1	+0.7
Economically inactive***	Sept - Nov 09	707	+5	-23	21.6	+0.1	-0.7
Claimant count <sup>+</sup>	December 09	180.5	-2.4	+44.8	6.5	-0.1	+1.6

\*Levels are for those aged 16 and over; rates for those of working age (16 – 59/64)

\*\* Levels and rates are for those aged 16 and over; rate is a proportion of economically active

\*\*\* Levels and rates are for those of working age

+ Claimant count levels are the number of JSA claimants; the rate is the proportion of the area's working age population

Source: ONS, Labour Market Statistics, January 2010

## West Midlands Overview – Labour Market

The West Midlands PMI reports that companies continued to shed staff during December. This was the 20<sup>th</sup> month in which companies have reported shrinking staff levels, with businesses from both the manufacturing and service sectors reporting that they were attempting to re-match their staff capacity with levels of demand and to complete restructuring efforts. Although the pace of job-shedding during December was the weakest seen since September 2009, it was the fastest of the UK regions and the West Midlands continues to be the region that has seen the sharpest fall in staffing levels over the past 12 months.

Jobcentre Plus reports that there were 1,127 notified redundancies in the West Midlands during December 2009. This was the lowest level seen in over 18 months and follows rises in October and November. The largest proportion of December's notified redundancies were in the Birmingham and Solihull sub-region (386; 34%), with a further 290 (26%) in the Marches sub-region (Herefordshire, Shropshire, Worcestershire and Telford and Wrekin). 250 (22%) notified redundancies were made in the Black Country; 132 (12%) in Staffordshire; and 70 (6%) in the Coventry and Warwickshire sub-region. Of the 1,127 notified redundancies made during December, almost a third (355; 31%) came from the transport and communications sector.

The number of notified vacancies in Great Britain as a whole in the three months to December 2009 was just 0.1% higher than the same period in 2008. However the West Midlands has seen a sharper rise in notified vacancies, rising 7.2% over the year (representing a rise of 7,268 vacancies). This is the highest of the English regions, with the exception of the East Midlands which has seen a rise of 13%. There is an even greater differentiation in more recent change, with the West Midlands' number of notified vacancies in the three months to November 2009 16.2% higher than in the previous quarter (the three months to August). This compares to an average rise of 9.4% for Great Britain as a whole. Staffordshire in particular has seen a strong upturn in vacancies, with the three months to December 22.5% higher than the previous quarter and 19.5% higher than a year earlier.

### **Sub-Regional Picture**

Non-seasonally adjusted figures show that the number of Jobseekers Allowance claimants in the West Midlands fell by 885 between November and December 2009. The largest fall over the month was seen in Birmingham (-481), followed by Warwickshire which had 218 fewer claimants. Amongst lower-tier districts, Warwick and Solihull saw the greatest reductions in their claimant levels, down 86 and 81 respectively. In contrast Coventry saw the largest increase in claimant numbers, rising by 57. Of lower-tier districts Cannock Chase and Staffordshire Moorlands saw the biggest increase over the month, up 47 and 37 respectively. Between November and December none of the region's local authority districts saw a significant change in their claimant proportion, all proportions remaining unchanged or seeing a fall or increase of just 0.1 percentage points.

In the year to December 2009 the region saw its claimant register increase by 43,111 people. The greatest annual rise was in Birmingham, rising 10,500. This is understandable given the scale of the city, but it is more than double the next highest, Staffordshire, which has seen a rise of 4,237. Nuneaton and Bedworth and Wyre Forest are the two lower-tier districts that have seen the largest increases in claimant levels, up 780 and 726 respectively. In contrast Staffordshire Moorlands and Malvern Hills districts have seen the smallest increases: 256 and 274. In relative terms Tamworth has seen the largest percentage rise in its claimant level, rising by 47%. This is followed by Bromsgrove (+46%) and Wyre Forest and Stratford-on-Avon (+44%). The smallest percentage rises have been seen in Staffordshire Moorlands (+21%) and East Staffordshire (+24%).

The region's claimant proportion rose by 1.3 percentage points over the year to December 2009. Sandwell, Wolverhampton, Walsall, Birmingham, Dudley, Tamworth, Coventry and Wyre Forest districts have all seen a greater increase during this period with Sandwell and Wolverhampton seeing the largest rises, up 2.2 percentage points.

# West Midlands Overview – Labour Market

## Local Authority Claimant Count Levels and Proportions<sup>1</sup> (non-seasonally adjusted)

	December 2009		Change on Month		Change on Year		
	Claimant Level	Claimant Proportion	Claimant Level	Claimant Proportion	Claimant Level	Claimant Proportion	Percentage Change in Claimant Level
<b>Regional</b>	175,811	5.3	-885	-0.1	43,111	1.3	32%
<b>Herefordshire</b>	2,726	2.6	33	0.0	537	0.5	25%
<b>Stoke-on-Trent</b>	8,506	5.7	-70	-0.1	1,972	1.3	30%
<b>Telford and Wrekin</b>	4,582	4.6	35	0.1	1,092	1.1	31%
<b>Shropshire</b>	4,788	2.8	-10	0.0	1,196	0.7	33%
<b>Staffordshire</b>	18,109	3.6	-31	0.0	4,237	0.9	31%
Cannock Chase	2,965	5.0	47	0.1	641	1.1	28%
East Staffordshire	2,452	3.7	33	0.0	476	0.7	24%
Lichfield	1,826	3.1	-37	-0.1	364	0.6	25%
Newcastle-under-Lyme	2,787	3.6	-6	0.0	724	0.9	35%
South Staffordshire	2,162	3.4	-18	0.0	587	0.9	37%
Stafford	2,152	2.9	-41	0.0	463	0.7	27%
Staffordshire Moorlands	1,486	2.6	37	0.0	256	0.4	21%
Tamworth	2,279	4.7	-46	-0.1	726	1.5	47%
<b>Warwickshire</b>	11,011	3.4	-218	-0.1	2,885	0.9	36%
North Warwickshire	1,423	3.7	-50	-0.1	318	0.8	29%
Nuneaton and Bedworth	3,652	4.9	18	0.0	904	1.2	33%
Rugby	1,919	3.5	-46	-0.1	511	0.9	36%
Stratford-on-Avon	1,504	2.2	-54	-0.1	456	0.7	44%
Warwick	2,513	2.9	-86	-0.1	696	0.8	38%
<b>Birmingham</b>	50,118	7.9	-481	-0.1	10,500	1.7	27%
<b>Coventry</b>	11,028	5.6	57	0.0	2,943	1.5	36%
<b>Dudley</b>	10,737	5.8	-66	-0.1	3,088	1.6	40%
<b>Sandwell</b>	13,649	7.8	40	0.1	3,811	2.2	39%
<b>Solihull</b>	5,251	4.3	-81	-0.1	1,496	1.2	40%
<b>Walsall</b>	11,037	7.3	38	0.0	2,891	1.9	35%
<b>Wolverhampton</b>	11,750	8.2	21	0.0	3,114	2.2	36%
<b>Worcestershire</b>	12,519	3.7	-152	-0.1	3,349	1.0	37%
Bromsgrove	2,080	3.8	-18	0.0	654	1.2	46%
Malvern Hills	1,003	2.4	-14	0.0	274	0.6	38%
Redditch	2,394	4.7	-46	-0.1	592	1.2	33%
Worcester	2,420	4.1	32	0.1	574	1.0	31%
Wychavon	2,050	3.0	-61	-0.1	475	0.7	30%
Wyre Forest	2,572	4.4	-45	-0.1	780	1.4	44%

1 - Claimant Proportion – number of claimants resident in an area as a percentage of the working-age population resident in that area. A resident-based measure.

Source: ONS, Labour Market Statistics, January 2010

# West Midlands Overview – Labour Market

## Regional Employment Monitoring

### Manufacturing

- **Phoenix Fabrications & Accessories** has gone into administration casting doubt on the future of 65 jobs at its Walsall-based roofing and cladding supplies business.
- **Sandsite** has gone into receivership with the loss of more than 40 jobs at its Staffordshire-based plastering business.
- **Aga Rangemaster** is shedding 35 jobs at its cooker manufacturing operations in Shropshire.
- **Hytec Plastic Mouldings** the corrugated board manufacturer in Wolverhampton has announced the loss of 50 jobs.
- **JCB** have announced 75 extra job losses in Staffordshire, this follows 200 job losses announced in November 2009.

**Services** **Birmingham International Airport** is closing its information desk with the loss of 25 jobs, in order to transfer the work to 18 customer service assistants.

### Public sector

- **Birmingham City Council** is planning to close eight of its 30 neighbourhood offices and shed almost 100 jobs, in order to revamp its advice services and is reported to be in talks over 1,400 jobs which are believed to be at risk in the children, young people and families department and House of Sport.
- **HMRC** is due to close a number of offices across the region including those in Rugby and Stratford-on-Avon, up to 500 tax workers in the Midlands could lose their jobs.

### And some regional good news stories.....

- **Rednal Pneumatics** has been sold out of administration to management, securing about 35 jobs at its Oswestry-based metal engineering business.
- **Alton Towers** is planning to recruit 850 staff for when it opens for the new season in Staffordshire.
- **West Midlands Safari Park** is recruiting 250 people for the new season.
- **Poundland**, based in Willenhall is planning to expand its chain of 250 discount stores by opening 50 new outlets this year, with the creation of about 2,000 jobs nationally.
- **Wilsons Auctions** is investing in the expansion of its car auction sites in Telford and Queensferry, creating 20 jobs.
- **Leekes**, furniture, home and electrical stores are opening a new store in Bilston, creating 30 jobs.
- **Best Buy** a UK owned consumer electronics firm is set to create up to 1,000 jobs in the UK by 2015, the first stores are due to open in Southampton, Essex and Merry Hill.
- **Sainsbury's** has been given the go-ahead to extend its store in Kidderminster, creating up to 100 jobs.
- **Jaguar Land Rover** has announced it will recruit 100 graduates next year.
- **RBS** is taking on at least 100 investment specialists at its UK Operations Centre in Newcastle under Lyme.
- **TK Maxx** is advertising for 100 more workers at its Chesterton distribution centre.
- **Sutton Venture Group** is consolidating its Staffordshire-based distribution operations at a new 10-acre site at Berry Hill in Stoke-on-Trent, and expects to create up to 30 new jobs this year

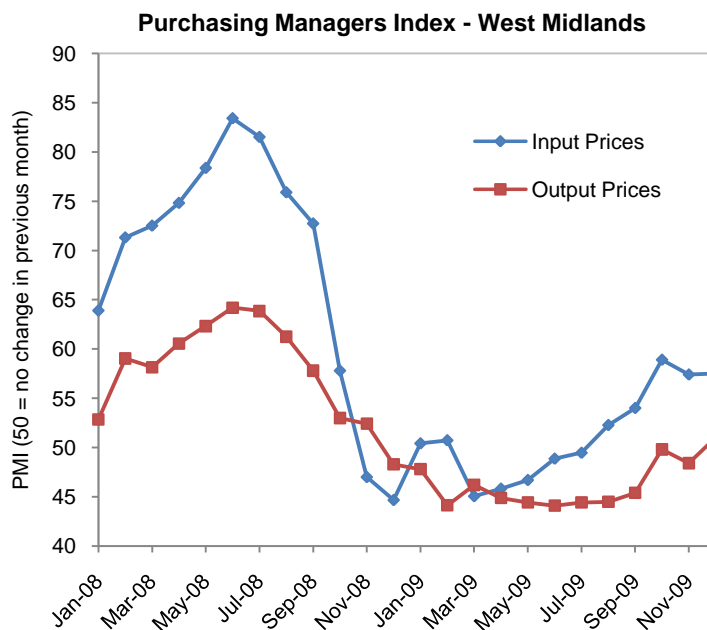
### Other regional news

- **Frazer & Tabberer**, the Sutton Coldfield-based supplier of steel pipes to the water industry, has gone into administration through Irwin & Company.
- **Land Rover UK** has announced that their sales from October to December 2009 were up 93% year on year.
- **Poundland** has reported a strong Christmas, with a 4.4% increase in like for like sales.
- **Brintons** has been awarded a contract to supply all of the carpet for the new Terminal 3 building at Indira Gandhi International Airport in Delhi, India.
- **JS Childrenswear**, which trades under the brand name of Adams has gone into administration a year after the business and assets of Adams Childrenswear Limited was sold to JS Childrenswear Limited. The business has 120 stores in the UK and employs over 2,000 staff.

## West Midlands Overview – Inflation & Investment

During December companies in the West Midlands saw a further significant increase in input prices. This was the fifth month in which prices have risen and saw the region experiencing a stronger pace of input price inflation than the UK as a whole. Both manufacturers and service sector companies reported rising prices. Manufacturers noted the high costs of raw materials whilst service sector firms highlighted the rising price of fuel.

December saw the region's first rise in output prices since November 2008. Whilst the rise experienced by the West Midlands was higher than the UK average, it was only marginal, remaining just above the 50 point of 'no change'. Those businesses reporting higher output prices said this was as a result of having to pass on higher input costs. However many firms noted that intense competition for work continued to push output prices down.



Source: PMI West Midlands. Markit Economics, January 2010

## West Midlands Overview – Housing, Property & Regeneration

All regions in England and Wales have now seen increases in their average house prices over the last 12 months. The West Midlands has seen a rise of 2.1%, compared to an average of 2.5% for England and Wales. In terms of month-on-month change the region saw a 1.9% rise in average house prices between November and December 2009. Alongside the North East this was the largest month-on-month rise in England and Wales.

With the exception of Dudley and Wolverhampton all districts in the West Midlands saw an increase in average house prices between November and December 2009, or in the case of Solihull saw no change over the month. Wolverhampton's fall was the largest of England and Wales' metropolitan districts, dropping by 1.9%. In contrast the largest increase in the region was seen for Shropshire (+2.0%). District-level figures are based on three-month rolling averages and do not yet reflect the annual rise in prices seen in the monthly regional-level data. Coventry has seen the largest annual fall in prices in the region, down 7.1%, whilst Solihull has seen the smallest fall, dropping just 0.6%.

### Average House Price Changes (December 2009)

	Monthly Change (%)	Annual Change (%)	Average Price (£)
West Midlands	+1.9	+2.1	£135,549
Herefordshire	+0.1	-4.6	£174,218
Stoke-on-Trent	+0.8	-6.0	£78,878
Shropshire	+2.0	-2.4	£162,967
Staffordshire	+0.5	-2.2	£135,312
Warwickshire	+0.3	-2.6	£157,756
Birmingham	+0.6	-5.0	£117,070
Coventry	+0.6	-7.1	£108,693
Dudley	-0.3	-2.3	£128,992
Sandwell	+0.8	-3.6	£100,835
Solihull	0.0	-0.6	£188,994
Walsall	+1.4	-5.9	£115,583
Wolverhampton	-1.9	-1.1	£109,790
Worcestershire	+1.3	-2.8	£165,553

<sup>1</sup> District-level monthly and annual percentage changes are rolling four-monthly averages of the price changes over one month and 12 months respectively. Regional figures are for single month. All price changes are seasonally adjusted.

Source: Land Registry House Price Index, January 2010.