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@TheIFS

The labour market during the pandemic

This presentation



Changes in **labour market outcomes**

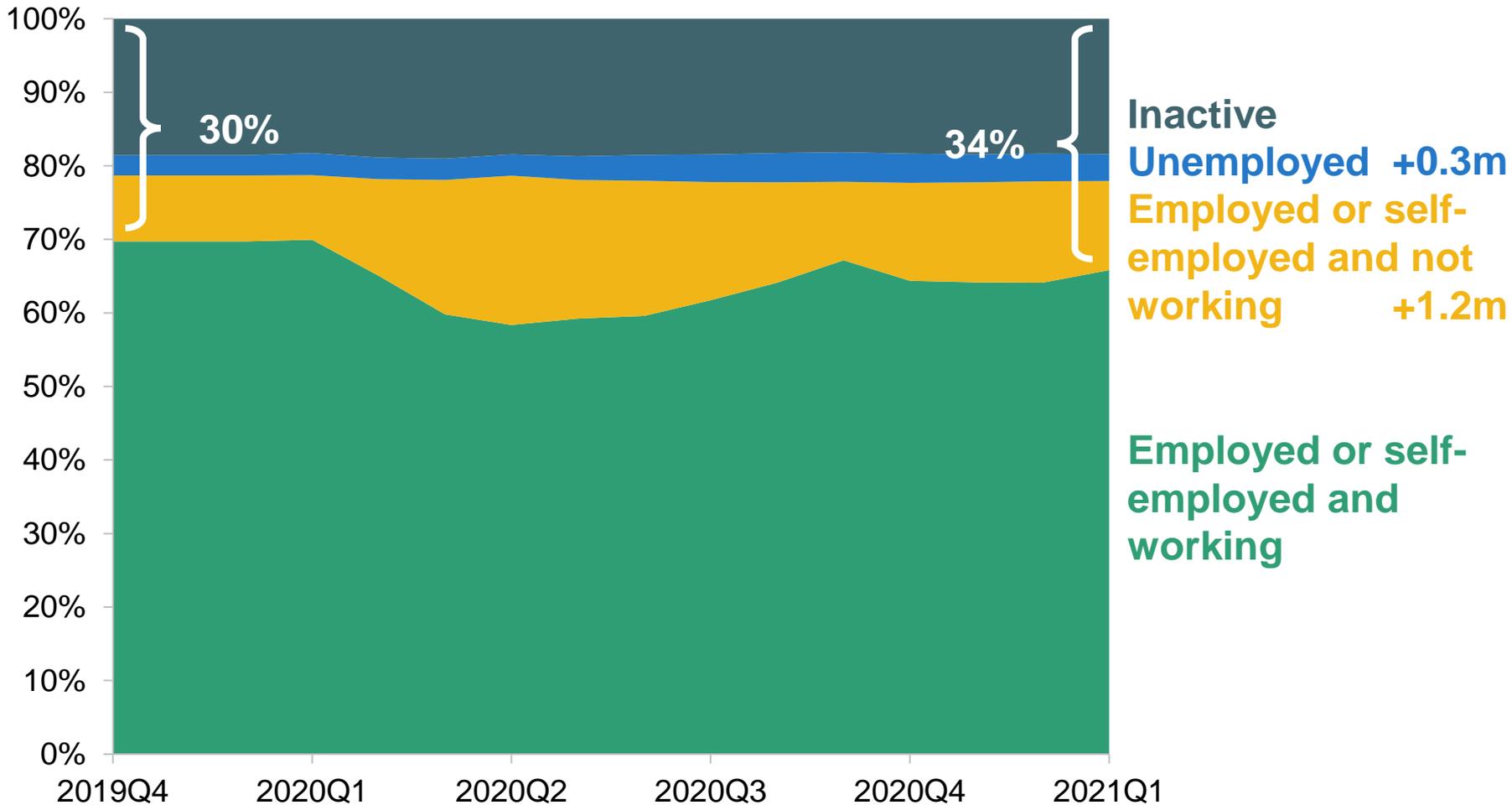
- Employment
- Earnings

Examine changes at household level

Labour Force Survey data up to 2021Q1

Fall in activity has led to rise in furlough, not unemployment

Trends in employment status, 19-64 year olds



Source: Figure 3.1

Pandemic has hit self-employed particularly hard

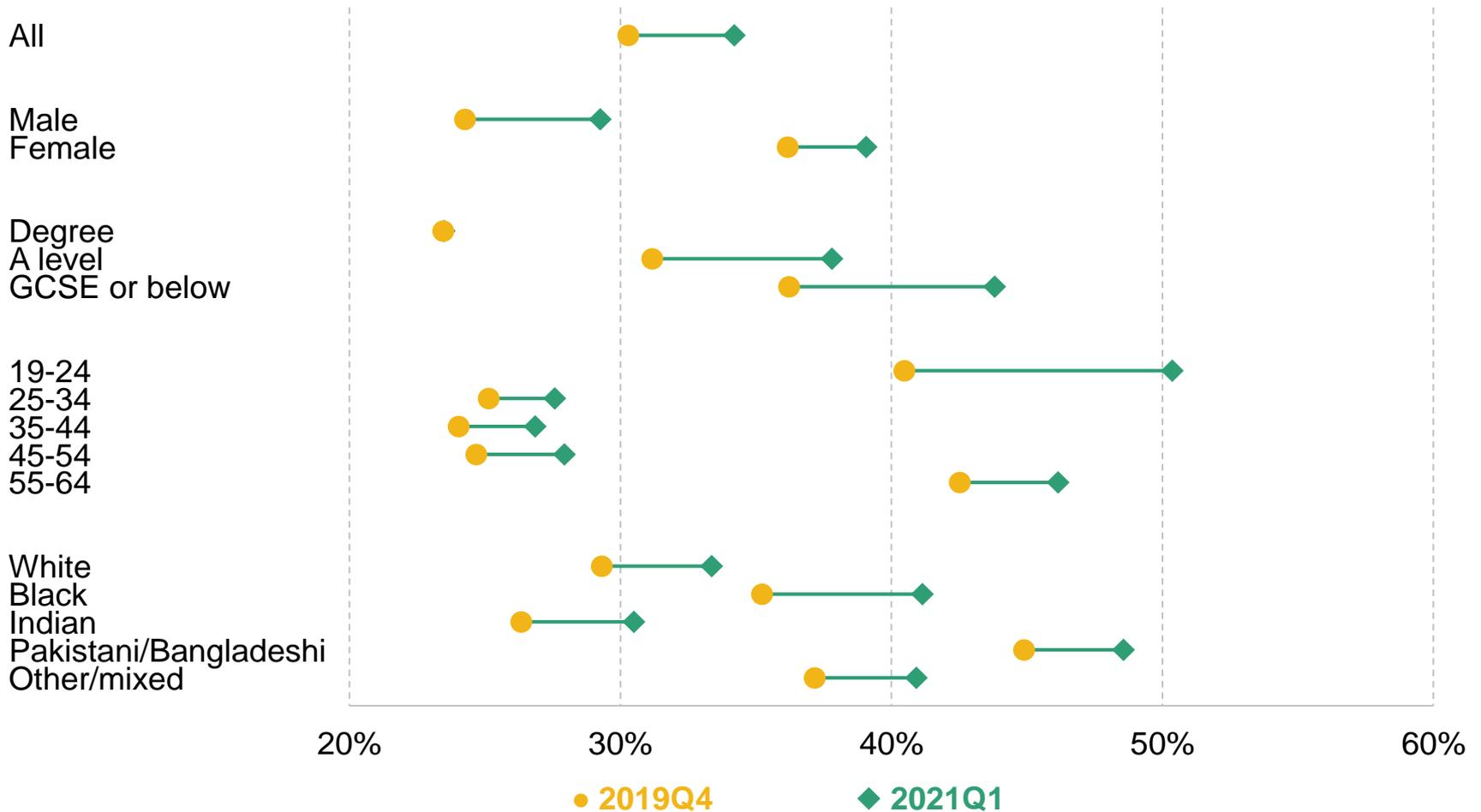
Share of workers working zero hours, over time and by employment status



Source: Figure 3.2

Men, lower educated and young people saw largest falls in work

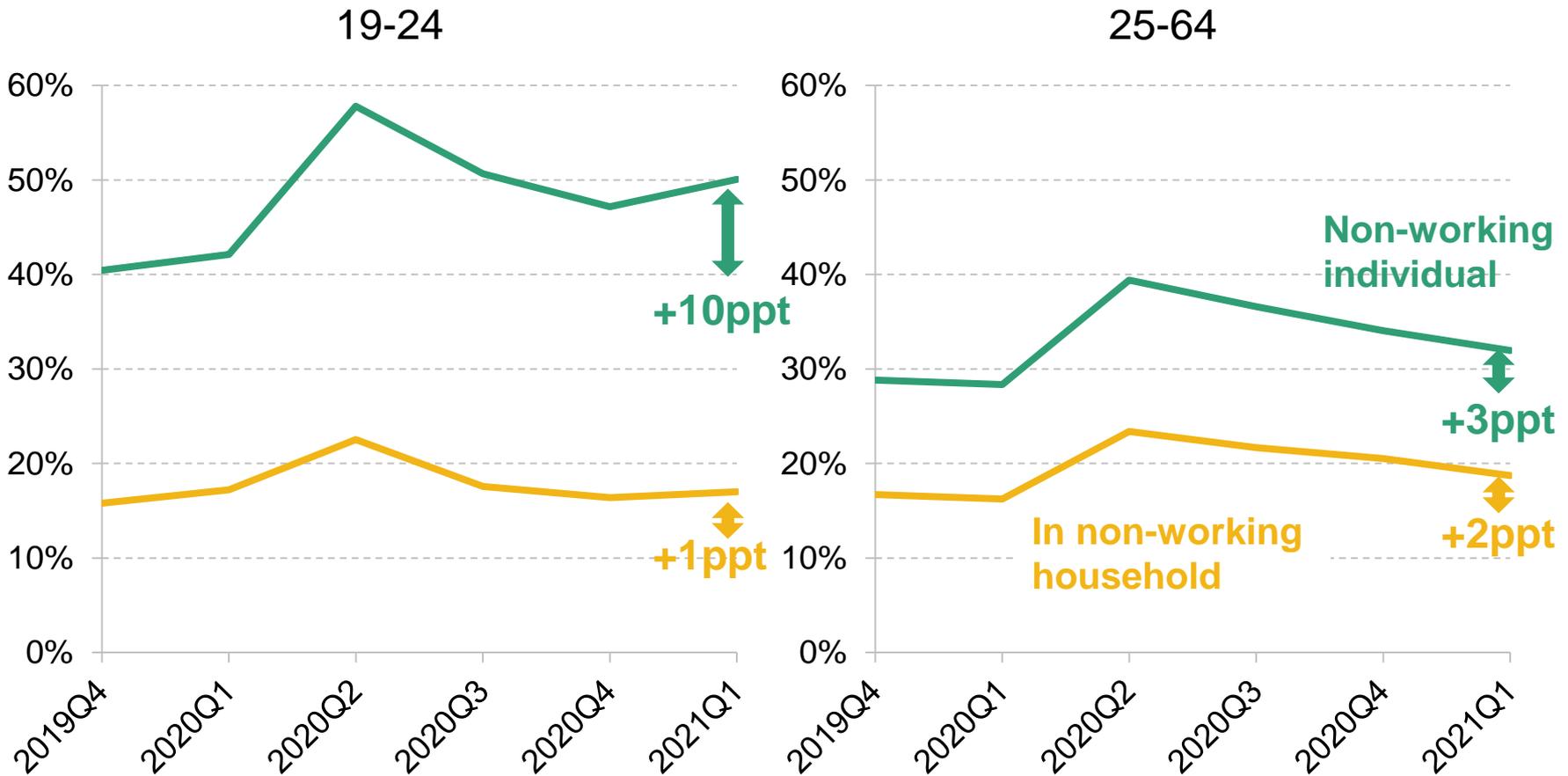
Changes in share working zero hours, 19-64 year olds



Source: Figure 3.3

Young people did not see larger rise in household-level worklessness

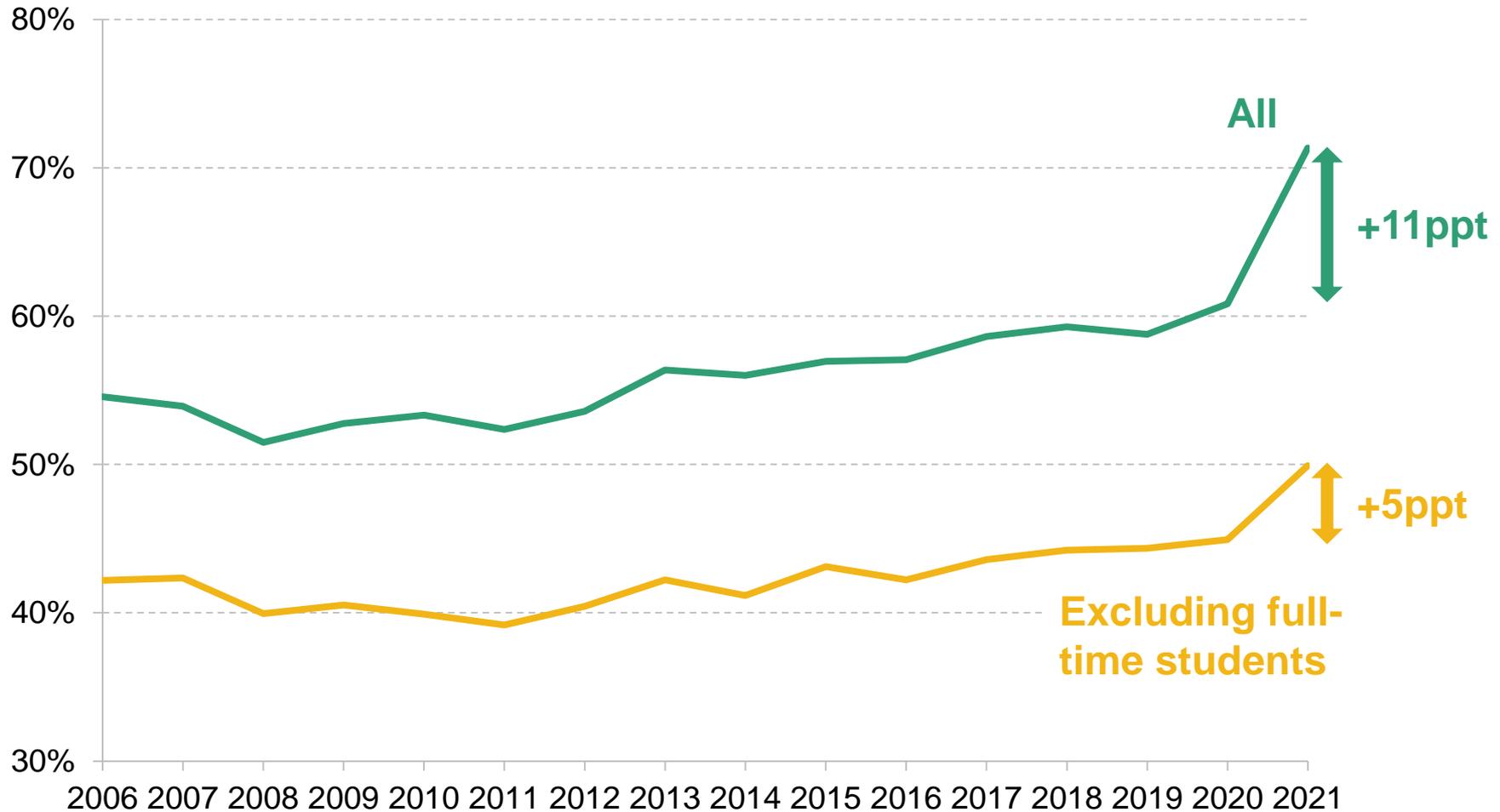
Trends in share working zero hours



Source: Figure 3.7

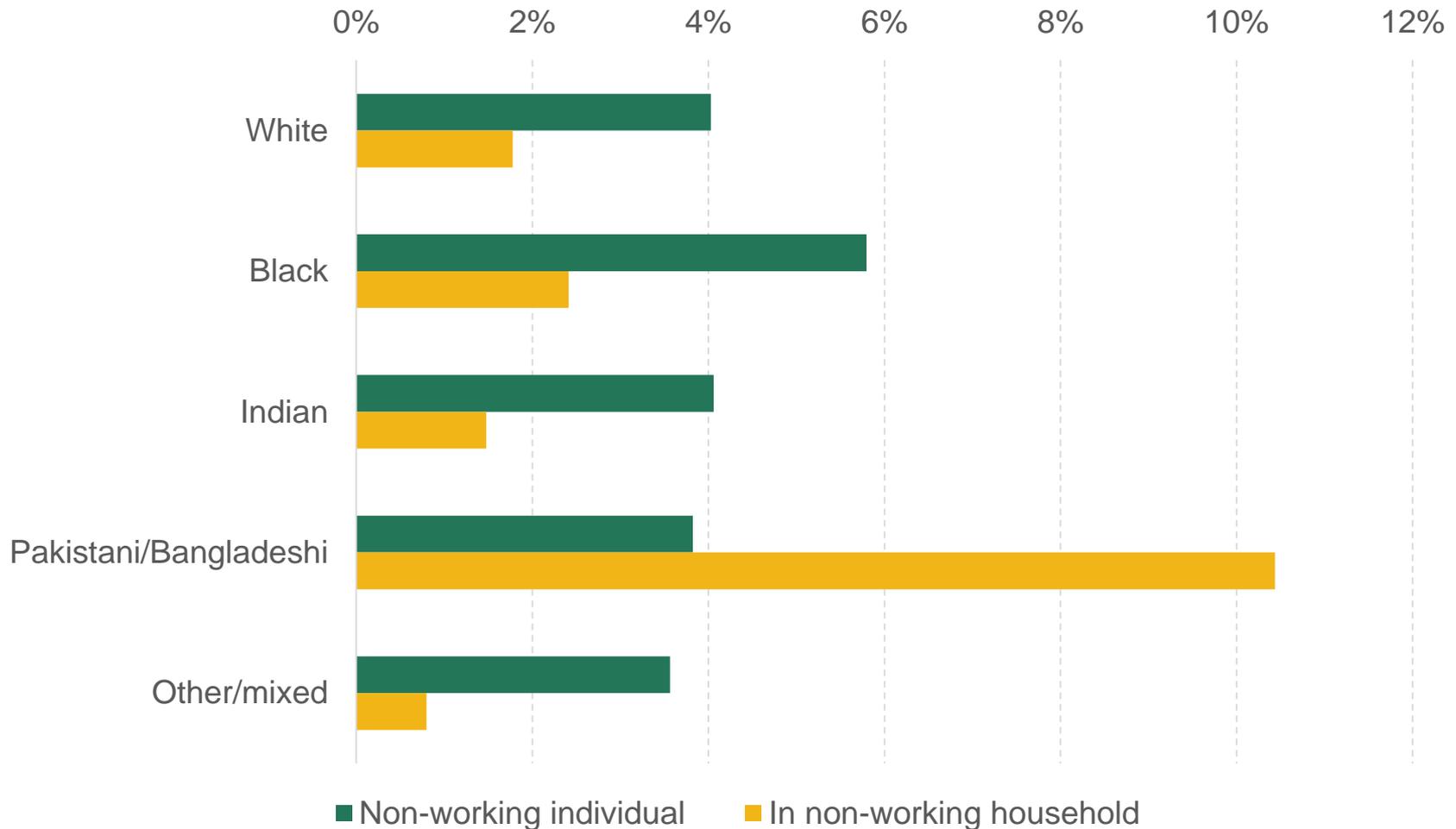
Many young people live with their parents and the share has increased

Trends in share of 19- to 24-year-olds living with their parents



Large rise in HH-level worklessness among Pakistani and Bangladeshi HHs . | IFS

Change in share working zero hours, 2019Q4 to 2021Q1



Source: Figure 3.9

Average earnings growth similar to pre-pandemic



ONS: real earnings increased by 4.4% in Feb-Apr 2021 (5.6% nominal)

- 1.2% in 2018-2019

Number of issues

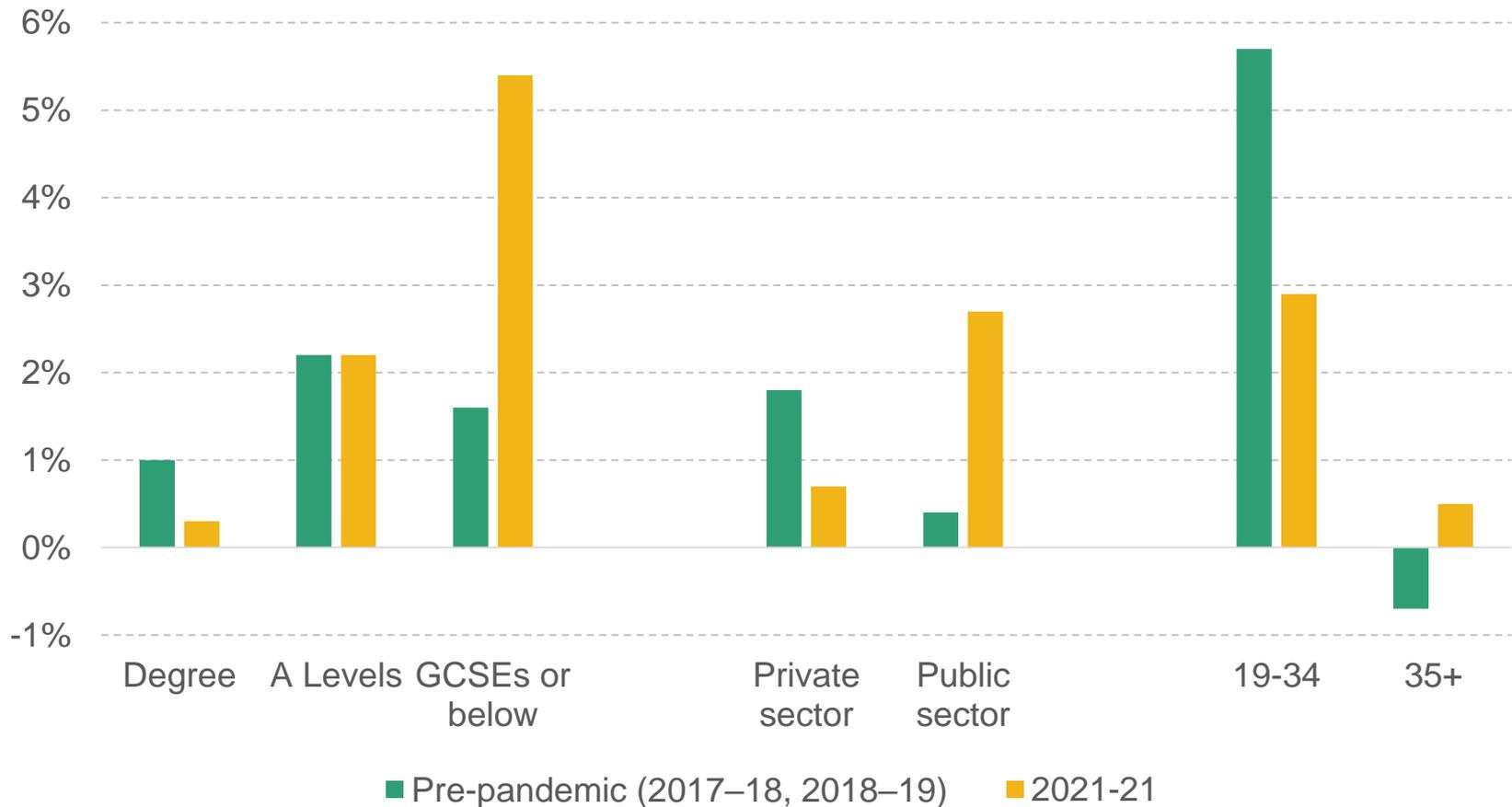
1. Compositional changes
2. Furlough
3. Low base

Compare 1-year earnings change for employees who continue to work

- 1.3% FY 2020–21
- 1.4% average FY 2017–18, 2018–19

Growth higher for lower-educated and public sector, lower for young

Mean real earnings growth among employees who continued to work



Summary

Labour market has held up surprisingly well

- Furlough has kept unemployment from rising
- Real earnings growth similar to pre-pandemic

Household-level workless has risen by much less than individual worklessness

- Especially important for young adults
- Large rise among Pakistani and Bangladeshi households

Challenges could lie ahead

- Furlough winding down
- Future earnings growth
- Long-term effects on young adults

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