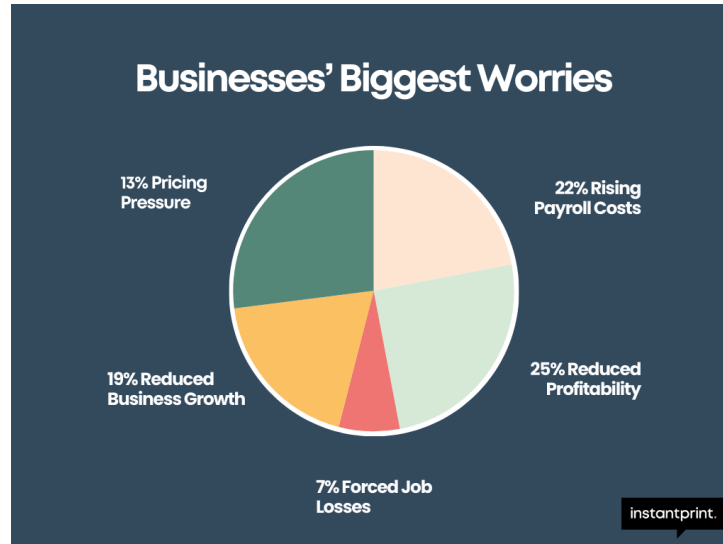


## UK Labour Market Faces Rising Pressure Amid Economic Strain



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LONDON, May 22 Britain's labour market is under strain as high costs, weak confidence and global uncertainty weigh on hiring and investment, official data and experts said.

Data from the Office for National Statistics (ONS) showed unemployment for people aged 16 and over rose to 5 percent in the first quarter of 2026, up 0.5 percentage points year on year. Payroll

numbers fell by 94,000 while vacancies dropped 3.9 percent to 705,000, the lowest level since early 2021.

ONS said the labour market remains soft with fewer vacancies, slower wage growth and continued declines in payroll employment.

Lower-paying sectors including hospitality and retail have been hit hardest, with falling job openings and rising closures. The British Beer and Pub Association reported 161 pub closures in Q1, resulting in more than 2,400 job losses, many among younger workers.

Experts linked the slowdown to higher employment costs such as National Insurance rises and minimum wage increases, prompting firms to freeze hiring or reduce hours.

Youth unemployment rose sharply, with around 729,000 people aged 16 to 24 out of work, pushing the rate to 16.2 percent from 14.2 percent a year earlier.

Economists warned geopolitical tensions, especially in the Middle East, are adding pressure through higher energy prices, supply chain disruption and weaker confidence.

Analysts cited domestic political uncertainty and rising borrowing costs as further factors reducing investment and hiring.

Business forecasts suggest unemployment may rise further this year, with concerns over stagflation if inflationary pressure persists alongside weak growth.

