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Londoners feeling the pinch as concerns about job prospects resurface, crimping spending plans

The YouGov UK Household Economic Activity Tracker (HEAT) index remained stuck below 100 in September, as a larger number of households reported a deteriorating financial situation and growing fears about job security than the number who said that things were getting better.

Londoners are feeling the pinch most acutely. The survey shows that households are reluctant to increase spending; when asked how they would use a cash windfall, just 13% said they would spend it, while 43% of Londoners would opt to pay off debts instead. Outside London, households seem less burdened by debt, with more indicating that they would spend or save any extra money.

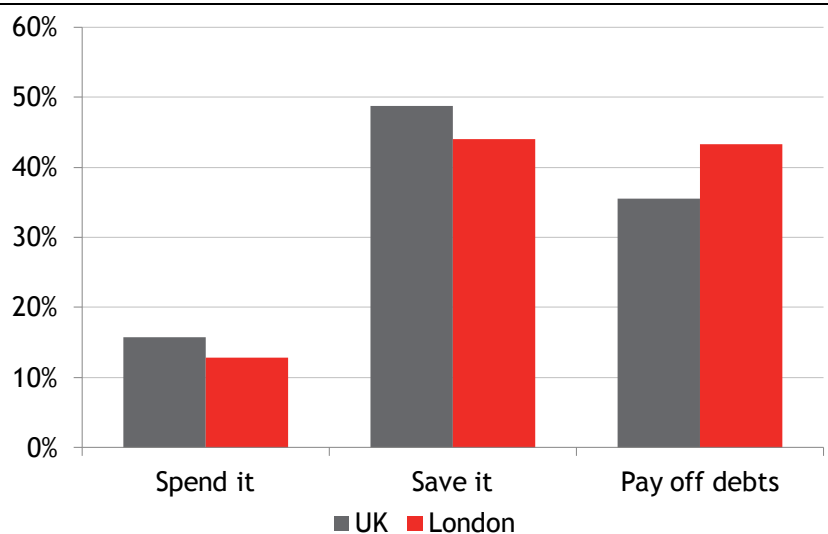
Commenting on the YouGov HEAT results, ASR Chief European Economist Dominic White said that people living in the capital – where the cost of living is much higher than in the rest of the UK – are increasingly worried about job security and believe things are likely to get worse over the next year.

“The feel-good factor of the Jubilee and London Olympics has worn off. Londoners are seeing renewed pressure on wages and job security as the private sector struggles to generate employment growth. This has rekindled concerns about outstanding debts and dampened spending plans,” said White.

Growing concerns over job security in the capital seem to be behind the cautious attitude to spending; 23% of Londoners reported feeling less secure in their job than last month. The private sector is still struggling – 20% of London respondents expect business to contract over the next year – and this is affecting employees; 11% say they are experiencing wage cuts.

Londoners are cutting back their spending plans in order to pay down debt and build up a buffer of saving, as worries about job security intensify.

Chart 1: How would you use an unexpected windfall?



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For further information about the YouGov Household Economic Activity Tracker (HEAT) visit:

<http://research.yougov.co.uk/services/household-economic-activity-tracker/>

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YouGov is considered a pioneer of online market research and has a panel of 2.5 million people worldwide, including over 350,000 people in the UK representing all ages, socio-economic groups and other demographic types.

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