

Some 15,500 people lost their jobs in June, according to the Office for National Statistics. It is the biggest increase since 1992, and means 45,000 people have already lost their jobs since the start of the year. Economists warn of worse to come, as the economy slows sharply in the coming months and possibly dips into recession at least as bad as that of the early 1990s.

Vicky Redwood of Capital Economics said: "The latest labour market figures show that the upward trend in unemployment is picking up pace. Much worse is to come - we expect unemployment to rise by around 900,000 in total by the end of 2010."

The increase would take total unemployment from its current level of 1.6 million to 2.5 million.