

Article

Analysis of real earnings: Apr 2017

Analyses of the average weekly earnings (AWE) figures, adjusted for inflation, which are published in the UK labour market statistical bulletin.



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Release date:
12 April 2017

Next release:
17 May 2017

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1 . Introduction

This article presents two analyses of the average weekly earnings (AWE) figures, which are published in the [UK Labour Market statistical bulletin](#). We will update these analyses every month. The first section describes real AWE, which is AWE deflated by the [Consumer Prices Index including owner occupiers' housing costs \(CPIH\)](#). The second section analyses single month movements in the nominal AWE.

Please note that this month's article is the first to use our most comprehensive measure of inflation, CPIH, rather than the Consumer Prices Index (CPI) to produce real AWE. As the CPIH series currently commences in 2005, the estimates of real earnings (which previously commenced in 2000) commence in 2005 in this month's release and are in 2015 prices. This is consistent with the basis at which CPIH is published (these estimates were previously in 2000 prices). In light of this, we have reviewed our seasonal adjustment process to ensure they reflect these changes. Consequently, this has resulted in revisions to estimates of real earnings for the entire real AWE series.

Furthermore, [improvements to the methodology for the estimation of earnings of employees of small businesses](#) in the AWE series are provisionally due to be implemented in the May 2017 publication. Consequently, this will impact these estimates back to 2005, which will again be subject to a further review of the seasonal adjustment process.

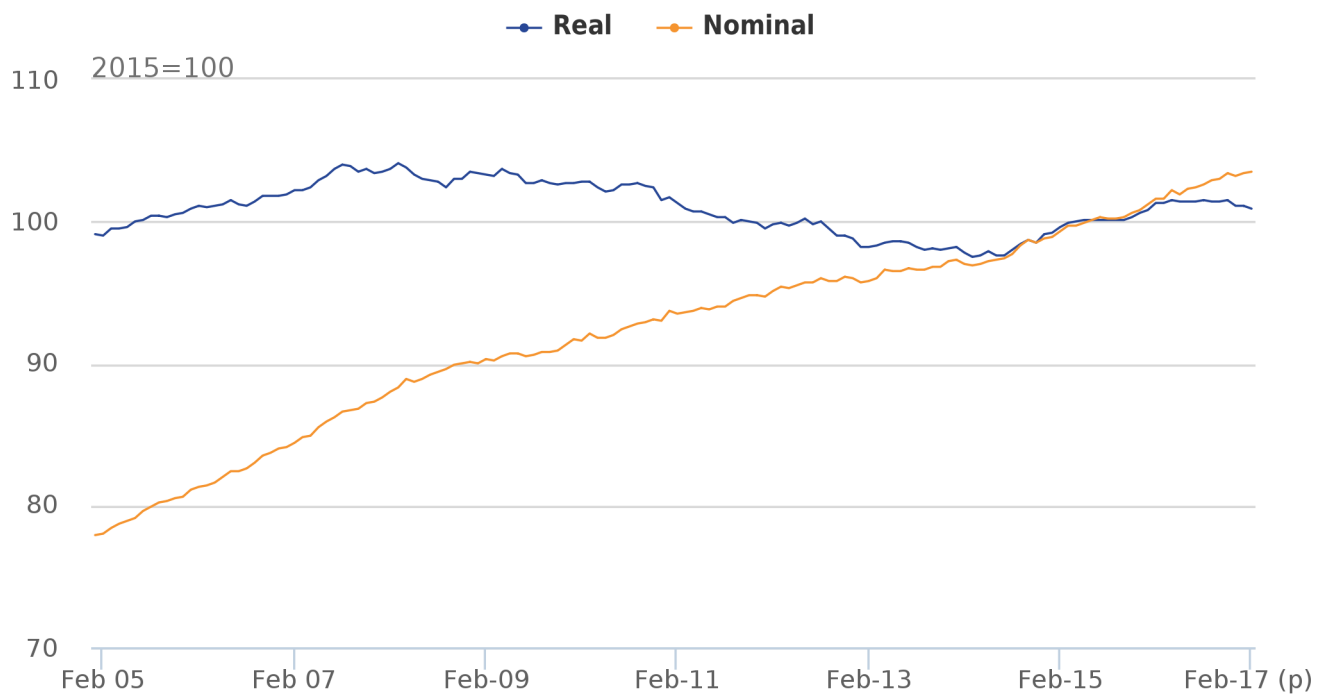
2 . Real AWE

The figures show the recent movements in real AWE (whole economy). This is calculated as nominal unadjusted AWE, divided by the CPIH. This series is calculated for regular and total pay at the whole economy level and then seasonally adjusted. The data in Figures 1 and 2 are levels of real and nominal AWE, shown on a monthly basis, with an index of 2015=100. Figure 3 shows 3-month average year-on-year increases in these derived indices. The data are available in [dataset EARN01](#), together with estimates of real AWE at 2015 prices.

Comparing the 3 months to February 2017 with the same period in 2016, real AWE (total pay) grew by 0.2%, which was 0.3 percentage points smaller than the growth seen in the 3 months to January 2017. Nominal AWE (total pay) grew by 2.3% in the 3 months to February 2017, while the CPIH also increased by 2.3% in the year to February 2017. In the same 3-month period, real AWE (regular pay) grew by 0.1%, which was 0.6 percentage points smaller than the growth seen in the 3 months to January 2017. The nominal AWE (regular pay) rose by 2.2% in the 3 months to February 2017.

Figure 1: Average weekly earnings regular whole economy pay: real and nominal, seasonally adjusted, 2015=100

January 2005 to February 2017, Great Britain



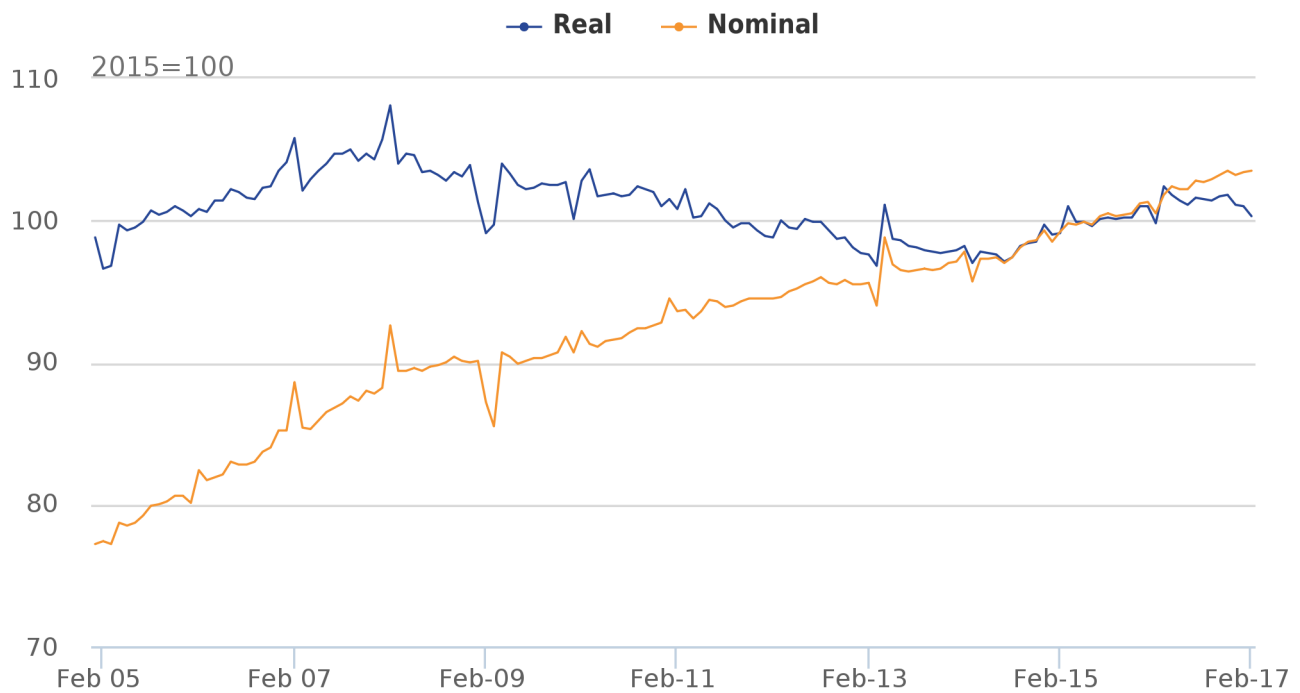
Source: Office for National Statistics, Monthly Wages and Salaries Survey (MWSS)

Notes:

1. p = provisional, r = revised.

Figure 2: Average weekly earnings total pay: real and nominal, seasonally adjusted, 2015=100

January 2005 to February 2017, Great Britain



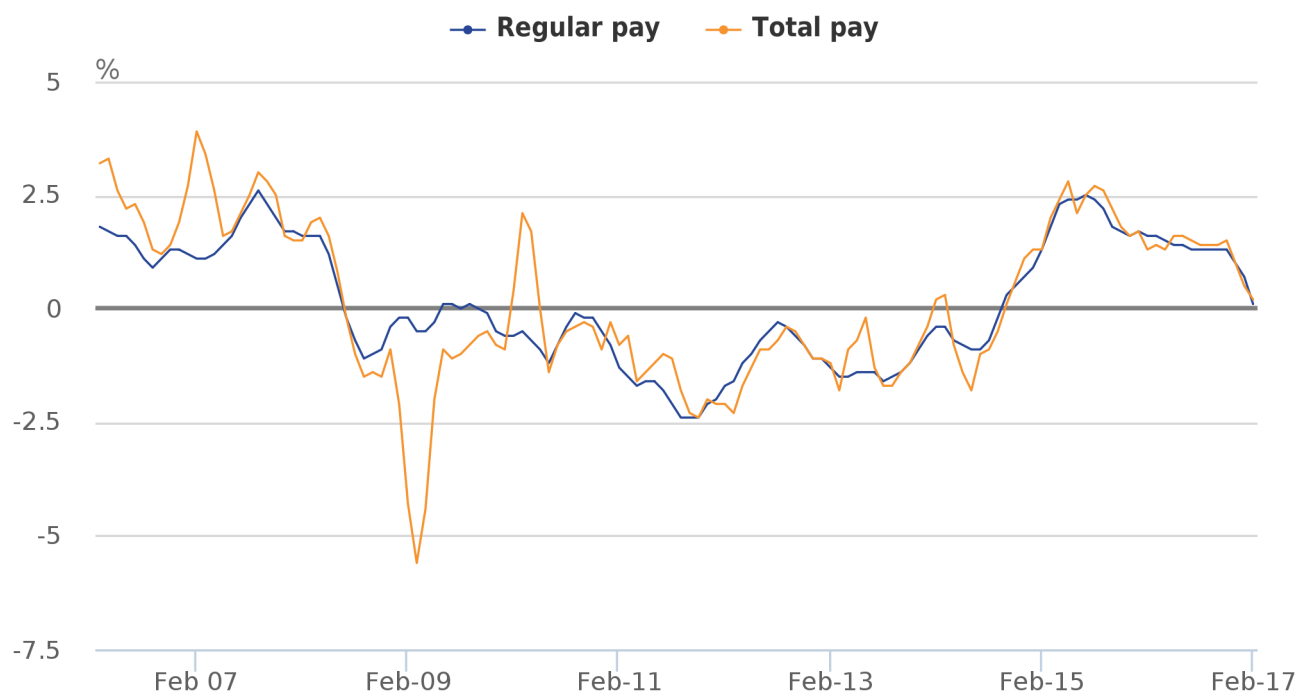
Source: Office for National Statistics, Monthly Wages and Salaries Survey (MWSS)

Notes:

1. p = provisional, r = revised.

Figure 3: Average weekly earnings total and regular real pay annual growth rates, seasonally adjusted

January - March 2006 to December 2016 - February 2017 (3-month average time periods), Great Britain



Source: Office for National Statistics, Monthly Wages and Salaries Survey (MWSS)

Notes:

1. p = provisional, r = revised.

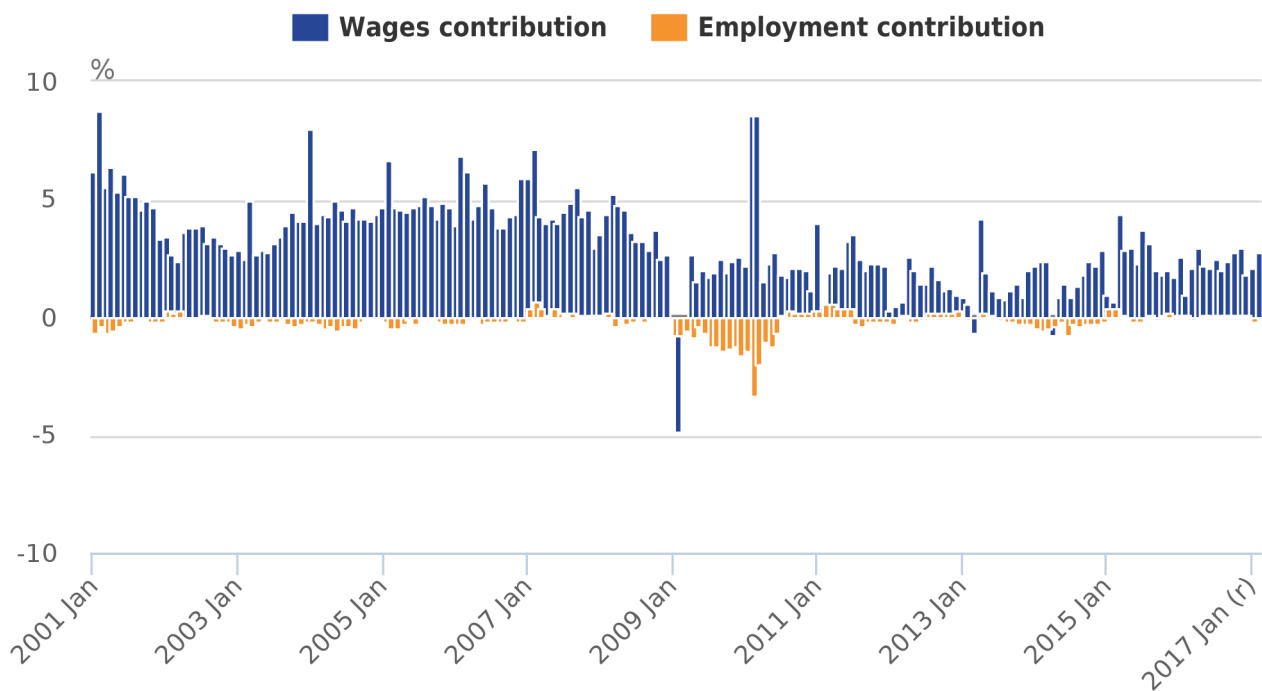
3 . Contributions to nominal AWE – single month

The wages and employment contributions underlying the latest AWE data are available on our website in the [EARN02 dataset](#) each month. The “employment contribution”, shown in these figures, changes if the relative proportion of employment in the 24 industrial headings changes, but will not necessarily change if total employment increases. Employment contributions were significantly negative in 2009 and 2010, largely caused by a shift away from employment in financial and insurance activities, which are relatively highly paid industries.

Figures 4 and 5 summarise the recent figures.

Figure 4: Average weekly earnings total pay by contributions

January 2001 to February 2017, Great Britain



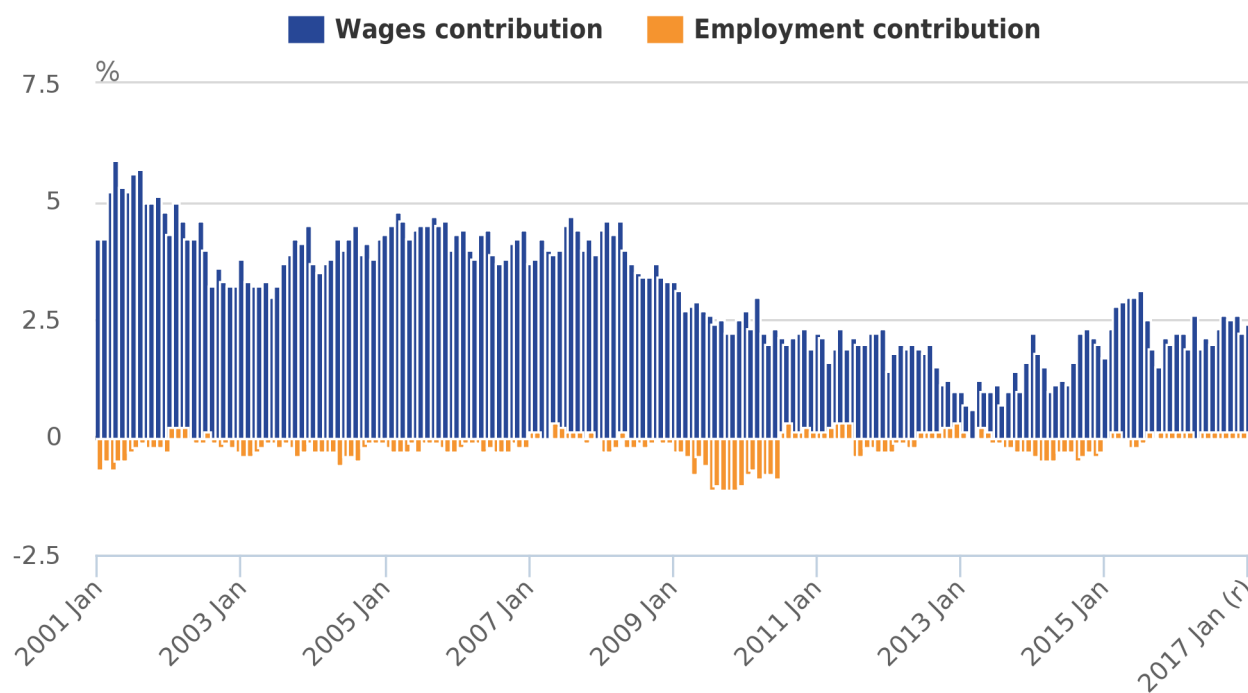
Source: Office for National Statistics, Monthly Wages and Salaries Survey (MWSS)

Notes:

1. p = provisional, r = revised.

Figure 5: Average weekly earnings regular pay by contributions

January 2001 to February 2017, Great Britain



Source: Office for National Statistics, Monthly Wages and Salaries Survey (MWSS)

Notes:

1. p = provisional, r = revised.

Employment contributions were 0% for both total pay and regular pay in February 2017.