

Article

Analysis of real earnings and contributions to nominal earnings growth, Great Britain: July 2018

Analyses of the Average Weekly Earnings (AWE) figures, adjusted for inflation, and of wages and employment contributions underlying single month movements in the nominal AWE.



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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](#). These analyses are updated 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 wages and employment contributions underlying single-month movements in the nominal AWE.

2 . Real average weekly earnings

The figures show the recent movements in real average weekly earnings (AWE) (whole economy). This is calculated as nominal unadjusted AWE, deflated by the Consumer Prices Index including owner occupiers' housing costs (CPIH). This series is calculated for total pay (including bonuses, excluding arrears) and regular pay (excluding bonuses, excluding arrears) 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 three-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 three months to May 2018 with the same period in 2017, real AWE (total pay) rose by 0.2%, the same as the three months to April 2018. Nominal AWE (total pay) grew by 2.5% in the three months to May 2018, while the CPIH increased by 2.3% in the year to May 2018, 2.2% in the year to April 2018 and 2.3% in the year to March 2018.

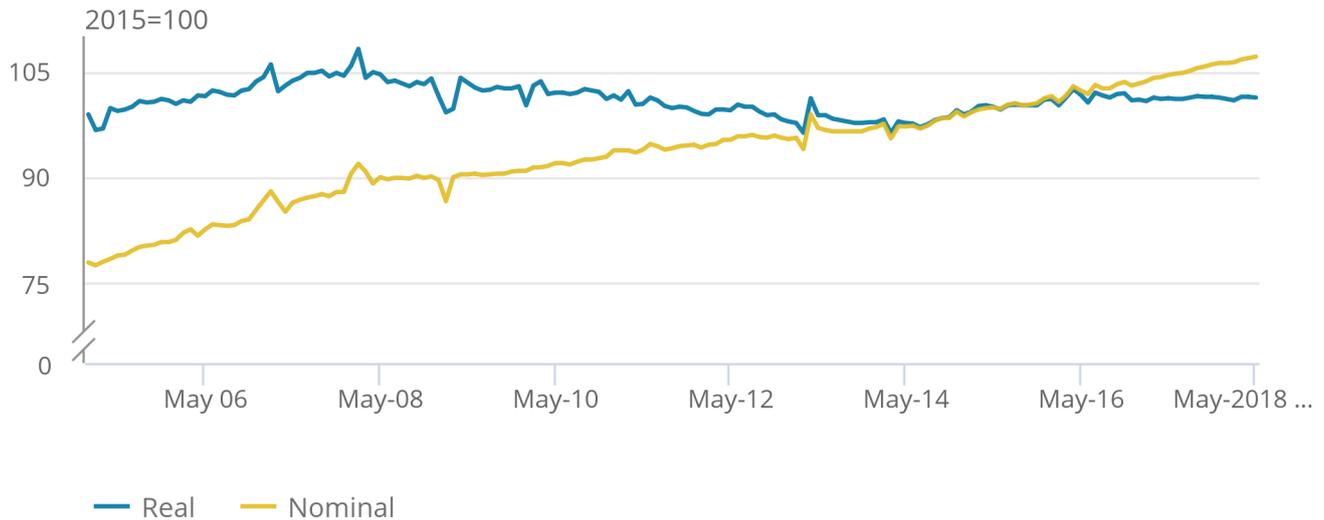
In the same three-month period, real AWE (regular pay) rose by 0.4%, 0.1 percentage points less than the three months to May 2018. Nominal AWE (regular pay) rose by 2.7% in the three months to May 2018.

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

January 2005 to May 2018, Great Britain

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

January 2005 to May 2018, Great Britain



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

Notes:

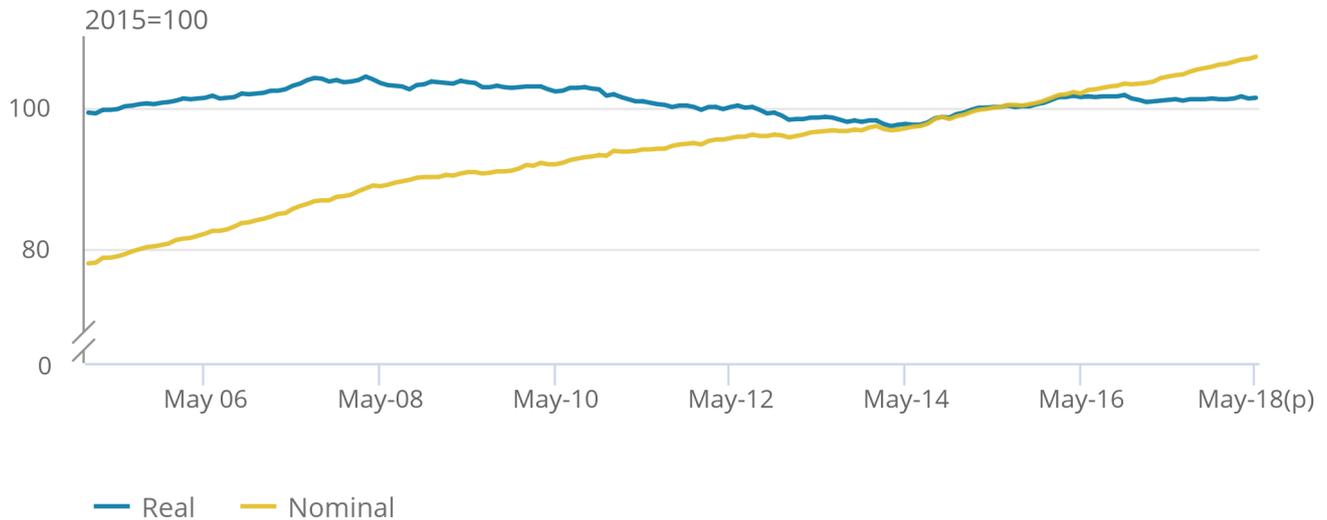
1. r = revised.
2. p = provisional.

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

January 2005 to May 2018, Great Britain

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

January 2005 to May 2018, Great Britain



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

Notes:

1. r = revised.
2. p = provisional.

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

January to March 2006 to March to May 2018 (three-month average time periods), Great Britain

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

January to March 2006 to March to May 2018 (three-month average time periods), Great Britain



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

Notes:

1. r = revised.
2. p = provisional.

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. In the period since 2015, the employment contribution has generally been slightly positive.

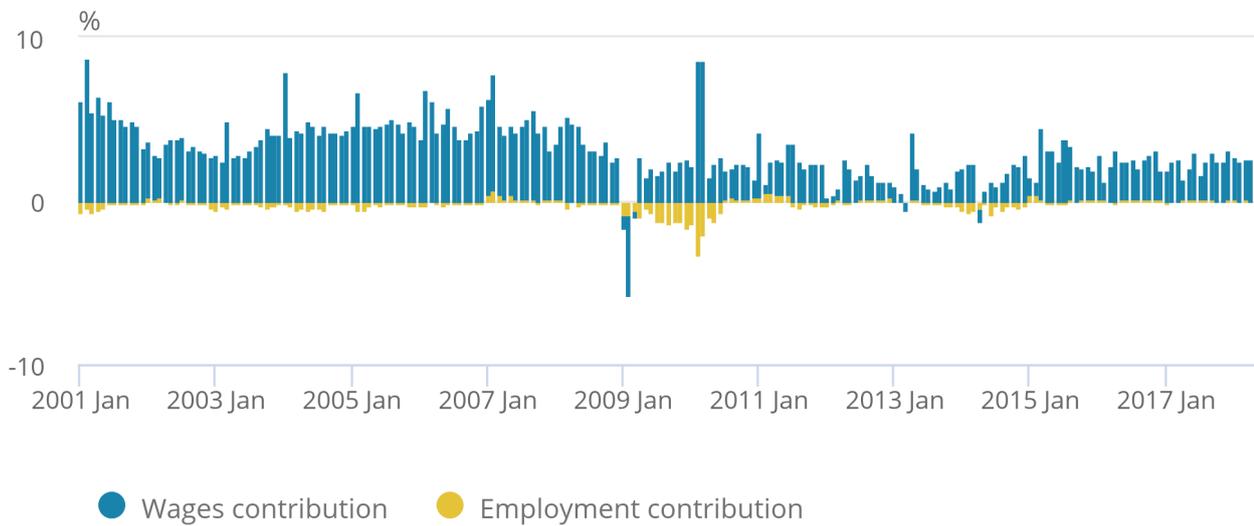
Figures 4 and 5 summarise the recent figures.

Figure 4: Average weekly earnings total nominal pay by contributions, whole economy

January 2001 to May 2018, Great Britain

Figure 4: Average weekly earnings total nominal pay by contributions, whole economy

January 2001 to May 2018, Great Britain



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

Notes:

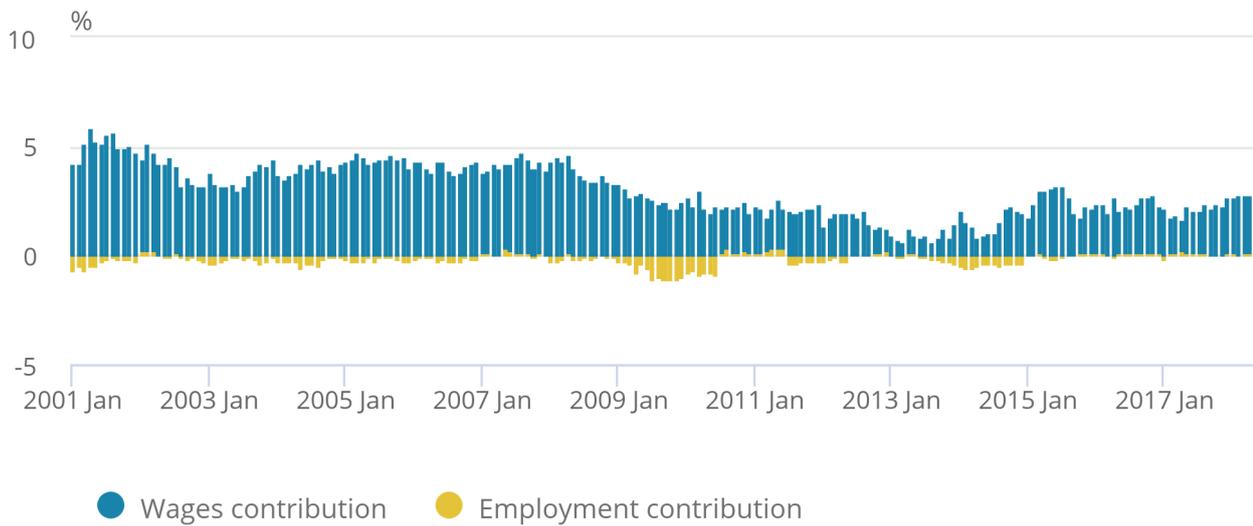
1. r = revised.
2. p = provisional.

Figure 5: Average weekly earnings regular nominal pay by contributions, whole economy

January 2001 to May 2018, Great Britain

Figure 5: Average weekly earnings regular nominal pay by contributions, whole economy

January 2001 to May 2018, Great Britain



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

Notes:

1. r = revised.
2. p = provisional.

Employment contributions were 0% for total pay and 0% for regular pay in May 2018.