

Real incomes rise just a little to June 2017

The ONS presented a healthy picture of employment growth in the year to June 2017. There are 338,000 extra jobs in our economy. Unemployment has fallen by 157,000 on the year. Many of the new jobs are full time jobs.

It also showed a small rise in average weekly pay, though it reported the figure as 2.1% up on a year. This left average earnings behind prices by 0.5%.

However, Figure 9 of the same ONS report provides a graph of average weekly earnings adjusted for price rises by putting the figures into a common 2015 price level. This shows June 2017 at £490.5, a little up on June 2016 at £488.2. This is confirmed by the average weekly pay figures in current prices reported at the top of Section 8. That says "average total pay for employees in GB was £506 a week (June 2017) up from £493 for a year earlier" That is an increase of 2.6%, in line with prices as measured by the CPI.

It is interesting that using June on June produces a different answer from using quarter on quarter which they highlight. It provides some light on why retail sales, consumer spending and jobs have increased when so many forecasters were expecting the opposite.

As some of you have pointed out, it leaves the unanswered question of why did the Treasury forecast big job losses following a pro Brexit vote and an Article 50 letter? It also raises the issue of which of these contrasting portraits in the same official document give the more accurate picture of what is happening?