

# Wage rises higher than expected – as unemployment rate falls slightly

Wages rises were higher than expected in December while the unemployment rate fell slightly, official figures show.

Average weekly earnings rose more than expected, by 6.2% compared to the 6% forecast by economists and worker purchasing power was at its highest since July 2021 as, when compared against inflation, pay packets grew 1.9%.

Wages, however, rose at a slower pace than the 6.5% increase recorded in the three months to November but remain above the rate of [overall price rises](#). When bonuses are factored in, pay grew 5.8%.

The figures may still be of concern to the interest rate setters at the Bank of England, who will be keeping a close eye on wage rises having previously identified them as an [inflationary concern](#). Of particular interest is the private sector wage growth which decreased from 6.6% to 6.2% but remained above its 6% forecast.

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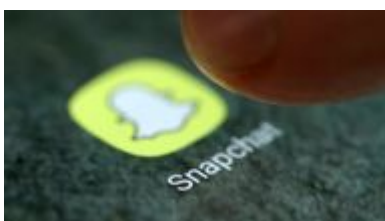
‘Current wage rises unsustainable’

But the Office for National Statistics (ONS) had warned against reading too much into its own statistics.

The body last week again [revised its assessment](#) of the labour market, saying the UK jobless rate may have been much lower, at 3.9%, than the 4.2% estimates suggested at the end of 2023.

“We would advise caution when interpreting short-term changes in headline rates,” it said.

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The ONS update was based on new population estimates as it attempts to bolster the quality of the data.

Its labour market data, which also comes through face-to-face interviews and surveys, had suffered from low participation rates since the pandemic.

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Instead, the ONS said to assess its data along with other sources.

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On Tuesday it said the percentage of people without a job and looking for work fell to 3.9% from 3.8% a month earlier.

The overall picture is of an economy with low unemployment, slowing vacancies and growing employment.

HMRC payroll data showed the number of employees rose by 48,000 in January while ONS data said the number of job vacancies fell for the 19th consecutive month, albeit only very slightly.

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In response to today's data Chancellor Jeremy Hunt said: "It's good news that real wages are on the up for the sixth month in a row and unemployment remains low, but the job isn't done.

"Our tax cuts are part of a plan to get people back to work so

we can grow the economy – but we must stick with it.”

The TUC general secretary Paul Nowak said: “Average pay is still worth £12 a week less than before the financial crisis 16 years ago and more than a million people are on zero hours contracts.”