



## Information for Negotiators – August 2006

### Inflation

**CPI** inflation – the Government's target measure – fell to **2.4%** in July down from 2.5% in June.

The largest downward effect came from household equipment and routine maintenance, due to special offers in July for furniture and furnishings being greater than a year ago.

A small downward effect came from alcoholic drinks and tobacco.

**RPI** inflation remained unchanged in July at **3.3%**. The main factors influencing it were similar to those affecting the CPI.

**RPIX** inflation – the all items RPI excluding mortgage interest payments – is **3.1%** in July, unchanged from June.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate is around the average for the European Union as a whole. The provisional inflation rate for the EU 25 in June was 2.4%, compared with the UK figure for the same month of 2.5%.

	<b>RPI</b>	<b>RPIX</b>	<b>CPI</b>
Jan 06	2.4	2.3	1.9
Feb 06	2.4	2.3	2.0
Mar 06	2.4	2.1	1.8
April 06	2.6	2.4	2.0
May 06	3.0	2.9	2.2
June 06	3.3	3.1	2.5
July 06	3.3	3.1	2.4

May 05	2.9	2.1	1.9
Jun 05	2.9	2.2	2.0
July 05	2.9	2.4	2.3
Aug 05	2.8	2.3	2.4
Sep 05	2.7	2.5	2.5
Oct 05	2.5	2.4	2.3
Nov 05	2.4	2.3	2.1
Dec 05	2.2	2.0	1.9

## Labour Market

The trend in the employment rate is broadly flat while the trend in the unemployment rate continues to increase. The employment rate for people of working age was 74.6% for the three months ending in June 2006.

The number of people in employment for the three months ending in June 2006 was 28.94 million, up 42,000 over the quarter and up 240,000 over the year.

The unemployment rate was 5.5%, up 0.3 over the quarter and up 0.7 over the year. The number of unemployed people increased by 92,000 over the quarter and by 243,000 over the year, to reach 1.68 million.

The average number of job vacancies for the three months to July 2006 was 603,900. This was up 7,600 on the previous quarter but down 21,900 over the year. The sector showing the largest increase over the quarter was Finance and Business Services which increased by 10,700.

The redundancy rate for the three months to June 2006 was 5.6 per 1,000 employees. This is down from 5.8 for the previous quarter.

## Average Earnings

Average earnings excluding bonuses, or regular pay, rose by 3.9% in the year to June 2006, up from 3.8% in May. Average earnings including bonuses rose by 4.3% in the year to June, up from 4.1%.

In the year to June, pay growth (excluding bonuses) in the private sector was 4.2%, compared with 2.7% for the public sector. Including bonus payments, private sector growth stood at 4.6% compared with 3.4% for the public sector.

<b>Full-time average weekly earnings by occupation</b>			
	£pw		£pw
All workers	538.80	Admin & Secretarial	367.20
All Male	592.90	Skilled/craft	450.40
All Female	454.40	Services	313.00
Managers	810.50	Sales	295.90
Professionals	737.70	Operatives	412.20
Associate Professionals	571.10	Other manual jobs	327.30

## Interest Rate

The Base Lending Rate has now increased to 4.75%.

The next meeting the Monetary Policy Committee is on the 7<sup>th</sup> September.

## Economic Information on the Amicus website

[For detailed information on the UK Economy including analysis of Labour Market Trends, Interest Rates & Economic Growth with an explanation of key economic terminology click here.](#)