

Wages are finally rising faster than infaltion - and so...

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As the [Office for National Statistics](#) has reported this morning:

- * Annual growth in regular pay (excluding bonuses) was 7.8% in June to August 2023, similar to recent periods and one of the highest regular annual growth rates since comparable records began in 2001.
- * Annual growth in employees' average total pay (including bonuses) was 8.1% in June to August 2023; this total growth rate is affected by the NHS and civil service one-off payments made in June, July and August 2023.
- * Annual growth in real terms (adjusted for inflation using Consumer Prices Index including owner occupiers' housing costs (CPIH)) for total pay rose on the year by 1.3% in June to August 2023, and for regular pay rose on the year by 1.1%.
- * Annual average regular pay growth for the public sector was 6.8% in June to August 2023 and is the highest regular annual growth rate since comparable records began in 2001; for the private sector this was 8.0% and among the largest annual growth rates seen outside of the coronavirus (COVID-19) pandemic period.
- * The finance and business services sector saw the largest annual regular growth rate at 9.6%, followed by the manufacturing sector at 8.0%; this is one of the highest annual regular growth rates for the manufacturing sector since comparable records began in 2001.

In summary, that means wages are now rising faster than inflation, which is great news because it means that people are beginning to catch up with what they lost during the last two years.

Not that the Bank of England will see it that way. They will (wholly incorrectly) see this as a sign of new inflationary pressure. As [the Guardian reported](#) yesterday of comments made by Huw Pill, its chief economist :

Pill said the fact that the headline measure of the cost of living was now falling was not enough to claim victory.

Speaking at an event in London, the Bank official – one of nine members of Threadneedle Street's interest-rate-setting monetary policy committee – said persistent price pressures had to be met with a persistent response.

He was, of course, warning that rates might rise again. The glint of hope that this wages data might supply has to be dashed, according to the sadists at the Bank of England. And so the march to recession goes on.