

Wages

In H2 2022, the average wage per capita (SMPT) in the non-agricultural market branches accelerated sharply (+0.7% in Q3 then +1.7% in Q4, ► **Figure 1**). This momentum was due to the context of high inflation which favoured wage renegotiations and led to an automatic revision of the minimum wage (SMIC) in August (+2.0%), but also and more importantly to massive payouts at the end of the year of the value sharing bonus (PPV), which replaced the extraordinary purchasing power bonus (PEPA) from 1st July 2022 (► **Focus**).

On average across 2022 the SMPT increased by 5.7% in nominal terms and by 0.4% in real terms, given the buoyancy of prices. However, 2.2 points of this increase was due to the automatic decline in the use of short-time working in 2022, compared to the level in 2021, which was still high and the allowances paid were not counted as wages. Apart from this automatic effect, the SMPT fell in 2022 in real terms (-1.8%), and in similar proportions to the decline in the basic monthly wage (SMB¹, -2.0%). The scale of these declines is unprecedented and indicates the strong acceleration in prices in 2022, also unprecedented since the early 1980s.

In H1 2023, wages look set to remain dynamic, despite a temporary slowdown at the start of the year associated with smaller payouts of PPV compared to Q4 2022. Thus the SMPT is expected to rise by 0.9% in Q1 then by 1.4% in Q2. This buoyancy will probably be driven by taking the increase in consumer prices into account in wage negotiations and by further revisions of the SMIC (automatic increase in January of 1.8%, and probably a further revision of at least 2% in the spring). However, the increase in the SMPT is expected to only partially offset the rise in prices. Thus the purchasing power of the SMPT is expected to decline further in H1 2023. By mid-year, the real SMPT is likely to be 2.8% below its level one year earlier (► **Figure 2**). As usual in the *Economic Outlook*, these forecasts for the purchasing power of wages are produced using household consumption as a deflator in a framework consistent with the quarterly national accounts. This differs from the consumer price index, a reference tool for measuring inflation (CPI; ► **Box** in the *Household income* sheet). If the CPI were used as a deflator, the drop in the purchasing power of wages over one year would be less by mid-2023 (-0.8% year-on-year in Q2 2023).

In general government, the nominal SMPT rose by 4.3% in 2022 on average, after +2.2% in 2021, driven mainly by the review of category C personnel wages and of the index point on 1st July (+3.5%). However, as in the private sector, the purchasing power of the SMPT in general government slipped back in 2022 (0.9% as an annual average). At the start of 2023, the SMPT in general government is likely to continue to weaken in real terms: the annual growth overhang by mid-year is expected to be -3.1% (-1.5% using the CPI as deflator). ●

¹ The SMB corresponds to the core component of the SMPT, alongside the short-term component which was particularly affected during the health crisis.

► 1. Variation in the average wage per capita (SMPT) and the basic monthly wage (SMB)

(changes in %, seasonally adjusted data)

	Quarterly growth rates										Average annual change				
	2021				2022				2023		2019	2020	2021	2022	2023 (ovhg)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2					
Average wage per capita (SMPT) in non-agricultural market branches	0.1	-0.1	4.9	0.3	1.4	1.1	0.7	1.7	0.9	1.4	2.3	-4.4	5.6	5.7	3.8
Basic monthly wage (SMB)	0.3	0.3	0.4	0.8	0.8	1.1	1.0	0.8	1.2	1.1	1.7	1.5	1.5	3.2	3.5
SMPT in general government											1.4	2.6	2.2	4.3	3.0
Real SMPT* in the non-agricultural market branches	-0.5	-0.4	4.2	-0.5	0.1	-0.9	-1.0	-0.3	-1.2	-0.4	1.5	-5.3	3.9	0.4	-2.4
Real SMB*	-0.4	-0.1	-0.3	-0.1	-0.5	-1.0	-0.7	-1.1	-0.9	-0.6	0.9	0.6	-0.1	-2.0	-2.7
Real SMPT* in general government											0.5	1.7	0.6	-0.9	-3.1
Real SMPT** in non-agricultural market branches	-0.5	-0.3	4.1	-0.7	-0.2	-0.7	-0.6	0.5	-0.5	-0.1	1.2	-4.9	3.8	0.5	-0.7
Real SMB**	-0.4	0.0	-0.4	-0.2	-0.8	-0.7	-0.3	-0.4	-0.1	-0.4	0.6	1.0	-0.1	-1.9	-1.1
Real SMPT** in general government											0.2	2.1	0.6	-0.9	-1.5

■ Forecast.

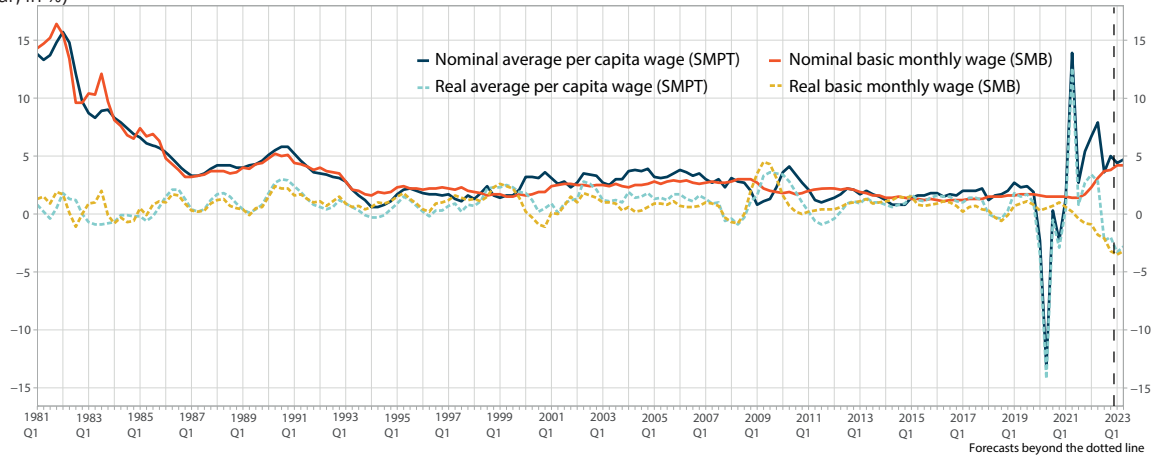
* in the sense of the household consumption price (quarterly national accounts).

** in the sense of the CPI - household consumption price index.

How to read it: in Q2 2023, the basic monthly wage (SMB) would grow by 1.1% compared to the previous quarter.

Source: DARES, INSEE.

► 2. Nominal and real changes* in average wage per capita (SMPT) and basic monthly wage (SMB) (year-on-year, in %)



* in the household consumption price sense (quarterly national accounts).
 How to read it: in Q2 2023, year-on-year growth in nominal SMPT would be 4.7%.
 Scope: non-agricultural market sector.
 Source: DARES, INSEE.