

# Wages

In Q3 2023, the average wage per capita (SMPT) increased by 0.6%, after +0.8% the previous quarter (► **Figure 1**). The basic monthly wage (SMB<sup>1</sup>) also slowed (+0.6% after +0.9%), in a context of lower inflation.

In Q4, the SMB is expected to maintain its rate of increase (+0.6% forecast) while the SMPT is expected to accelerate (+1.3%), driven by very large payments under the value sharing bonus (PPV) scheme at the end of the year, like last year. This scheme enables employers to pay out bonuses of up to 6,000 euros per employee and per year, under certain conditions, which are exempt from tax and social contributions (► **Focus** “Value sharing bonus: massive payouts at the end of 2022, with potential windfall effects”, *Economic Outlook* of 15 March 2023). PPV payouts are expected to be even larger at the end of 2023, because from 2024 onwards the scheme will be less advantageous, mainly because the bonus will be taxed.

In Q1 2024, the SMB is expected to accelerate (+1.1% forecast quarter-on-quarter), driven by the fact that inflation is taken into account in wage negotiations at the beginning of the year and by the automatic revision of the minimum wage in January (forecast to be around +1.1%). On the other hand, the SMPT is expected to slow (+0.8%) with fewer PPV payouts at the beginning of the year. In Q2, wages are likely to decelerate, in line with the slowdown in prices and the forecast rise in the unemployment rate: +0.6% forecast for the SMB and +0.5% for the SMPT.

Over the year, the nominal increase in the SMPT in Q3 2023 (+4.2%) remained lower than the year-on-year change in consumer prices, with the result that real wages (as measured by the CPI) fell back by 0.4% (► **Figures 1 and 2**). The SMPT is expected to become more buoyant than prices over the forecasting period: in Q2 2024, the rise in the real SMPT should reach +0.7% year-on-year. All in all, the real SMPT is expected to fall back in 2023 (-0.3% on average) but the 2024 mid-year growth overhang should be positive (+0.6%).

In general government, the nominal SMPT is expected to increase by an average of 4.0% in 2023 (after +4.3% in 2022), notably due to category-specific measures in favour of teachers and the revision of the index point by 1.5% on 1<sup>st</sup> July. However, the purchasing power of the SMPT in general government is likely to decline in 2023 (-0.9% forecast as an annual average, the same as in 2022). At the start of 2024, the SMPT in general government is expected to continue to decline in real terms: the mid-year growth overhang is expected to be -0.1%. ●

<sup>1</sup> The SMB corresponds to the core component of the SMPT, alongside the short-term component which was affected mainly by value sharing bonus payouts.

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

(changes in %, seasonally adjusted data)

	Quarterly growth rates								Year-on-year growth				Average annual change			
	2023				2024				2023				2022		2023	2024 (ovhg)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	2022	2023
Average wage per capita (SMPT) in non-agricultural market branches	1.1	0.8	0.6	1.3	0.8	0.5	5.2	4.9	4.2	3.9	3.5	3.1	5.7	4.5	2.6	
Basic monthly wage (SMB)	1.6	0.9	0.6	0.6	1.1	0.6	4.6	4.5	4.1	3.8	3.3	3.0	3.2	4.3	2.6	
SMPT in general government													4.3	4.0	1.9	
Real SMPT* in the non-agricultural market branches	-0.3	-0.2	-0.3	0.9	0.2	-0.1	-0.7	-0.3	-0.4	0.2	0.6	0.7	0.4	-0.3	0.6	
Real SMB*	0.2	-0.1	-0.2	0.2	0.5	0.0	-1.3	-0.6	-0.6	0.1	0.4	0.6	-1.9	-0.6	0.6	
Real SMPT* in general government													-0.9	-0.9	-0.1	

■ Forecast.

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

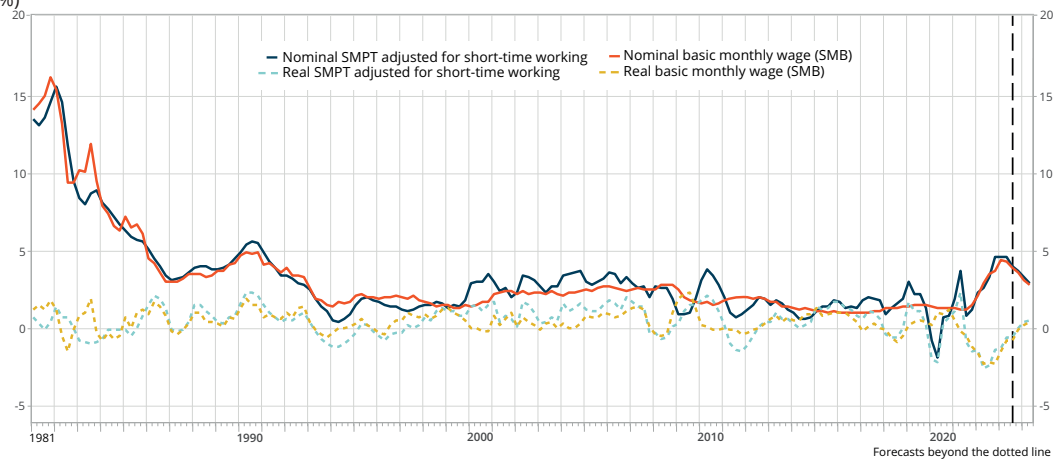
**Note:** the sharp rise in the SMPT in 2022 was automatic, resulting from the decline in the use of short-term working compared to the still high level in 2021, and these payments were not counted as wages. Excluding this automatic effect, the SMPT fell in 2022 in real terms by 1.8%, a similar decline to the SMB.

**How to read it:** in Q2 2024, the basic monthly wage (SMB) would grow by 0.6% compared to the previous quarter.

**Source:** DARES, INSEE.

## ► 2. Nominal and real changes\* in average wage per capita (SMPT) adjusted for the effect of short-term working, and in basic monthly wage (SMB)

(year-on-year, in %)



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

**Note:** here, the SMPT is adjusted for short-term working: these payments are not counted as wages, and therefore led to some very wide variations when the SMPT was not adjusted during the health crisis, see [blog post on wage indicators](https://blog.insee.fr/mesurer-l-evolution-des-salaires-a-court-terme/) <https://blog.insee.fr/mesurer-l-evolution-des-salaires-a-court-terme/>.

**How to read it:** in Q2 2024, year-on-year growth in nominal SMPT would be 3.0%.

**Scope:** non-agricultural market sector.

**Source:** DARES, INSEE.