

Wages

In 2016, the basic monthly wage in the market sectors increased as it did in 2015 (+1.2% on average over the year), whereas the rise in the average wage per capita is expected to have slowed slightly: +1.4% on average over the year after +1.6% in 2015. In real terms, the average wage per capita is expected to have slowed even more markedly (+1.4% after +1.8%), due to prices remaining stable in 2016 after a slight fall in 2015.

In H1 2017, the upturn in inflation is expected to cause a slight acceleration in the nominal average wage per capita compared to H2 2016. However, the adjustment is only likely to be partial with inflation likely to erode the purchasing power of the average wage per capita: the annual carry-over effect is expected to be +0.2% in mid-2017, compared to +1.3% one year earlier.

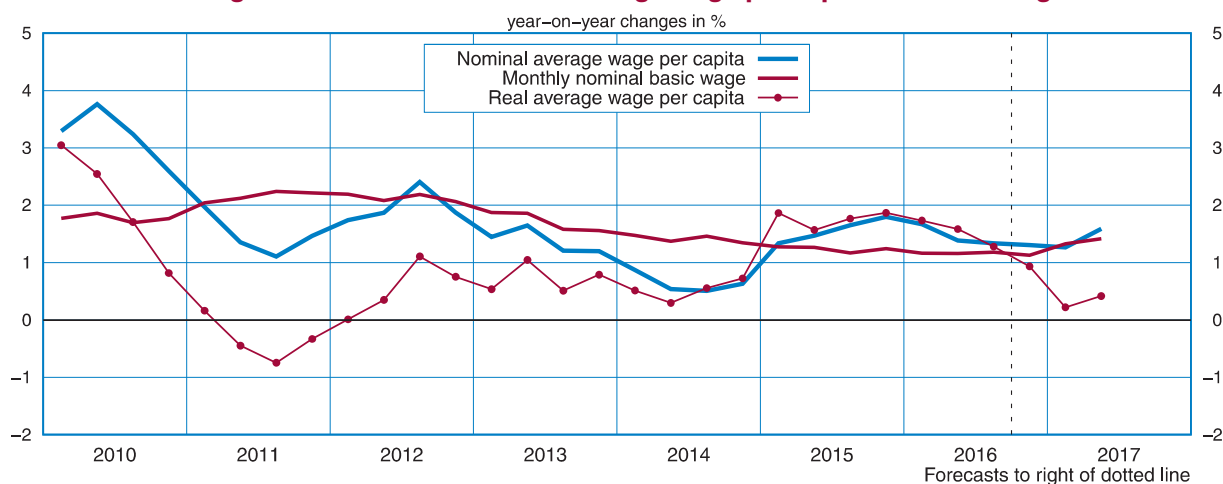
In general government, the rise in the nominal average wage per capita appears to have accelerated considerably in 2016 (+1.5% on average over the year after +0.5% in 2015) due to the raising of the index point in July and statutory measures. In real terms, it is also expected to have increased faster (+1.4% after +0.7%). In H2 2017, another increase in the index point in February should boost nominal wages, but the expected upsurge in inflation should hold back the average wage per capita in real terms: the annual carry-over effect is expected to be +0.6% in mid-2017, against +1.2% a year earlier.

On average over the year, the rise in the average wage per capita is expected to have slowed slightly in 2016

In 2016, the rise in the minimum wage (+0.6%) was lower than the year before (+0.8%) and inflation remained very low. As a result, the basic monthly wage¹ in the non-farm market sector again saw a moderate increase, the same as in 2015 (+1.2% on average over the year, see *Graph* and *Table*). The average wage per capita, which covers a wider scope (it includes income such as bonuses, profit-sharing, and overtime payments), is expected to have increased barely any faster than the basic monthly wage (+1.4% on average over the year); it appears to have slowed slightly compared to 2015 (+1.6%). Its quarterly profile was uneven: it was quite dynamic in Q1 (+0.5%), due in particular to bonuses being paid earlier than in previous years, but then, due to a backlash effect, it slowed markedly in Q2 (+0.1%). In H2, the average wage per capita increased at virtually the same rate as in H1 (+0.7% after +0.6% half-year on half-year).

1. For a definition of basic monthly wage and nominal average wage per capita, see the "Definitions" section on the website www.insee.fr

Change in the nominal and real average wage per capita and basic wage



Scope: non-agricultural market sector
Sources: INSEE, Dares

French developments

After prices fell slightly² in 2015 (–0.2% on average over the year), they were stable in 2016, although they gathered pace substantially at the end of the year. The rise in real wages therefore slowed on average over the year: +1.1% in 2016 after +1.4% for the basic monthly wage and +1.4% after 1.8% for the average wage per capita. Over the course of the year, there was a notable dip: the purchasing power of the average wage per capita is expected to have increased by 0.2% in H2 (half-year on half-year), after +0.7% in H1.

At the beginning of 2017, nominal wages should gather pace, but the increase in real wages is expected to remain weak

At the beginning of 2017, the minimum wage was raised by 0.9%, after +0.6% in 2016, but without any extra boost. In H1 2017, the upturn in inflation is expected to be partially passed on to nominal wages, and the increase in the average wage per capita should be a little higher: +0.9% after +0.7% half-year on half-year. In real terms, the increase in wages is likely to remain low (+0.1% over the half-year).

In mid-2017, the annual overhang for the average wage per capita in real terms is therefore likely to be 0.2%, compared to +1.3% in mid-2016, due to a higher growth overhang for prices this year (+1.1% after –0.1% one year earlier).

2. Inflation is measured here by the variation in household consumer prices, provided by the quarterly national accounts.

In the civil service, wages are likely to gather pace in 2016

In general government, the index point was raised on 1st July 2016 (+0.6%), for the first time since 2010. In addition, statutory measures were implemented in 2016 and the individual purchasing power guarantee scheme was extended. However, increases negotiated under the “professional career path, careers and remuneration” agreement of October 2015 had only a limited effect on wages, as they mainly took the form of bonuses being transformed into index points. On average over the year, the rise in the average wage per capita in general government is therefore expected to have accelerated considerably in 2016, in nominal terms (+1.5% after +0.5% in 2015) as well as in real terms (+1.4% after +0.7%).

In 2017, the index point was raised once again, by 0.6% on 1st February. The individual purchasing power guarantee scheme was extended, but is expected to have a lesser effect due to the end of the freeze on the index point and the career and remuneration protocol. The rise in the nominal average wage per capita is expected to gather pace slightly in general government, with a carry-over effect of +1.6% in mid-2017, compared to +1.1% a year earlier. However, in real terms, the increase in the average wage per capita is likely to slow considerably: in 2017 the carry-over effect in mid-year should stand at +0.6% compared to +1.2% one year earlier. ■

Variation in the basic monthly wage and the average wage per capita in the non-farm market sector and in general government

	Quarterly growth rates						Half-yearly rates			Annual averages		
	2016				2017		2016 H1	2016 H2	2017 H1	2015	2016	2017 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2						
Basic monthly wage	0.2	0.3	0.3	0.3	0.4	0.4	0.5	0.6	0.8	1.2	1.2	1.5
Average wage per capita in the non-farm market sector (NFMS)	0.5	0.1	0.3	0.4	0.5	0.4	0.6	0.7	0.9	1.6	1.4	1.3
Average wage per capita in general government (GG)										0.5	1.5	1.6
Household consumer price index (quarterly national accounts)	–0.1	0.1	0.1	0.3	0.6	0.2	–0.1	0.4	0.8	–0.2	0.0	1.1
Real basic monthly wage	0.3	0.3	0.2	0.0	–0.2	0.2	0.6	0.2	0.0	1.4	1.1	0.4
Real average wage per capita (NFMS)	0.7	0.0	0.2	0.1	–0.1	0.2	0.7	0.2	0.1	1.8	1.4	0.2
Real average wage per capita (GG)										0.7	1.4	0.6

Forecast

Sources: INSEE, Dares