

## Wages

In Q3 2022, the average wage per capita (SMPT) in the non-agricultural market branches continued to rise steadily (+0.9% after +1.0% in the previous quarter, ► [Figure 1](#)), in a context of high inflation which favoured wage renegotiations and led to an automatic revision of the minimum wage (SMIC) in August (+2.01%). Since 1<sup>st</sup> July, the SMPT has also been driven by the introduction of the value sharing bonus (PPV), which replaced the extraordinary purchasing power bonus mechanism (PEPA). This allows employers to pay out, under certain conditions and between July 2022 and December 2023, up to 3,000 euros in bonuses (6,000 euros in the event of a collective incentive or profit-sharing agreement), all tax-exempt and exempt from social contributions. In Q4, the SMPT is likely to accelerate significantly (+1.7%) with the continuing rise in prices and the ramping up of the PPV.

On average across the whole of 2022, the SMPT is expected to increase by 5.6% in nominal terms and by 0.3% in real terms, given the dynamism of prices. However, 2.2 points of this rise is likely to be due to the automatic decline in the use of short-time working compared to the level in 2021 when it was still high, and when the allowances paid were not considered as wages. Apart from this automatic effect, real SMPT is expected to decline in 2022 (-1.9%), and likewise the real basic monthly wage (SMB<sup>1</sup>). Like the acceleration of inflation since the 1980s, the scale of this decline looks set to be unprecedented since these indicators came into being, both for the real SMPT (if we exclude the automatic drop associated with short-term working during the lockdowns in 2020) and for the real SMB.

In H1 2023, the buoyancy of nominal wages is expected to continue: +1.2% forecast in Q1 then +1.1% in Q2 for the SMPT in the non-agricultural market branches. It is likely that this momentum will be boosted when the increase in consumer prices is taken into account in wage negotiations at the beginning of the year and when the minimum wage rises once again (automatic increase of +1.8% in January and a possible further increase of at least 2% at some point in the spring). However, the rise in the SMPT is expected to only partially offset the rise in prices, with the result that in H1 2023, the real SMPT is likely to fall once again. In Q2 2023, this decline is expected to reach -2.5% year-on-year (► [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.

In general government, the nominal SMPT is expected to increase by 4.1% on average in 2022, after +2.2% in 2021, driven mainly by the review of category C personnel wages and of the index point on 1<sup>st</sup> July (+3.5%, which would then contribute at least 2 points to the increase in general government SMPT). However, as in the private sector, the purchasing power of the SMPT in general government is expected to slip back in 2022 (-1.1% forecast as an annual average). At the beginning of 2023, the general government SMPT is likely to continue to weaken in real terms: the annual growth overhang is expected to be -3.3% by mid-year. ●

<sup>1</sup> The SMB corresponds to the core component of the SMPT, alongside the short-term component which was particularly affected by 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	0.0	-0.1	4.8	0.7	1.1	1.0	0.9	1.7	1.2	1.1	2.3	-4.4	5.6	5.6	4.0
Basic monthly wage (SMB)	0.3	0.3	0.5	0.7	0.8	1.1	1.1	1.2	1.3	1.1	1.7	1.5	1.5	3.3	3.9
SMPT in general government											1.4	2.6	2.2	4.1	2.9
Real SMPT* in the non-agricultural market branches	-0.6	-0.5	4.1	-0.1	-0.2	-1.0	-0.8	-0.6	-1.2	0.0	1.5	-5.3	3.9	0.3	-2.2
Real SMB*	-0.4	0.0	-0.2	-0.1	-0.5	-0.9	-0.6	-1.0	-1.1	0.0	0.9	0.6	-0.1	-1.9	-2.3
Real SMPT* in general government											0.5	1.7	0.6	-1.1	-3.3
Real SMPT** in non-agricultural market branches	-0.6	-0.4	4.0	-0.3	-0.4	-0.9	-0.5	0.2	-0.7	-0.1	1.2	-4.9	3.8	0.3	-1.0
Real SMB**	-0.3	0.0	-0.4	-0.3	-0.7	-0.8	-0.3	-0.3	-0.6	-0.1	0.6	1.0	-0.1	-1.9	-1.2
Real SMPT** in general government											0.2	2.1	0.6	-1.1	-2.1

■ Forecast

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

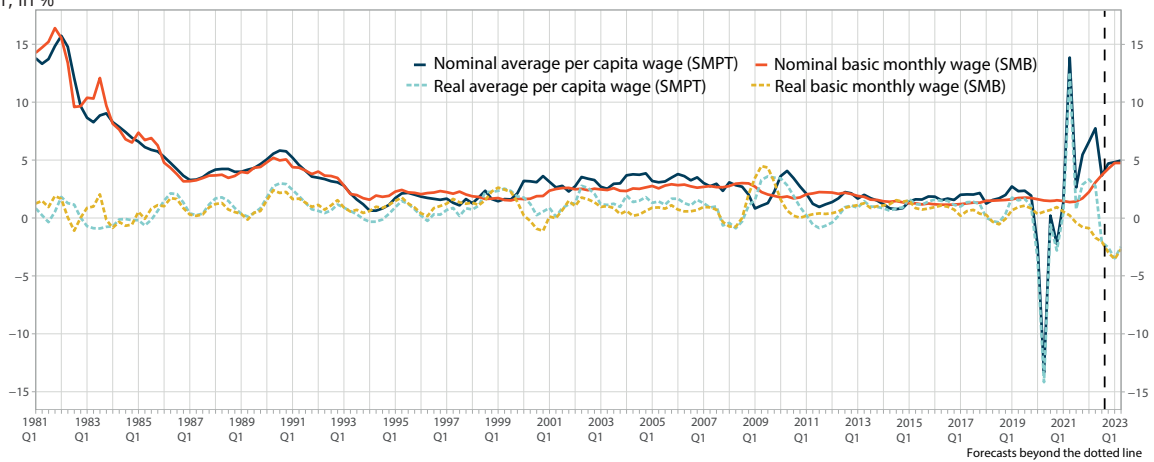
\*\* in the sense of the CPI - household consumption price index.

How to read it: in Q4 2022, the basic monthly wage (SMB) would grow by 1.2% 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)

Scope: non-agricultural market sector.

How to read it: in Q4 2022, year-on-year growth in nominal SMPT would be 4.7%

Source: INSEE