Wages

In Q1 2023, the average wage per capita (SMPT) increased by +1.2%, after +1.8% the previous quarter (▶**Figure 1**). This slowdown was mainly due to fewer payments under the value sharing bonus (PPV) scheme, after major payouts in late 2022 (▶**Focus** "Value sharing bonus: massive payouts at the end of 2022, with potential windfall effects" in the *Economic Outlook* of March 2023). In fact the basic monthly wage (SMB[1]) accelerated in Q1 (+1.5% after +0.9% at the end of 2022), linked to the fact that increases in consumer prices were taken into consideration in wage negotiations and to the automatic revision of the minimum wage (SMIC) at the beginning of the year (+1.8% on 1st January).

The persistence of high inflation, and the second revision of the SMIC on 1st May (+2.2%), are expected to keep the SMPT dynamic in Q2 (+1.0% forecast). In H2 2023, nominal wages are likely to continue to be buoyed up: +1.0% forecast in Q3 then +1.6% in Q4 for the SMPT. It will probably be driven once again by inflation, which is expected to remain relatively high, although it is declining. The inflation forecast used in this *Economic Outlook* includes no further automatic revisions to the SMIC before the end of the year, but an upward surprise development in prices that would trigger one cannot be ruled out. The acceleration forecast in the SMPT in Q4 2023 is the expected result of high levels of PPV payouts once again, assumed to be on a similar scale to those recorded at the end of 2022.

In the course of the year, the buoyancy of wages is expected to gradually catch up with the dynamism of prices: at the beginning of 2023, the real SMPT fell by 2.2% year-on-year, thus at the end of 2023 it will probably be only 0.2% below its level of one year earlier (▶**Figure 2**). On average over 2023, despite a nominal increase of +5.1% forecast, the real SMPT is expected to be 1.3% weaker than in 2022. As usual in *Economic Outlook*, these forecasts of the purchasing power of wages are produced from forecasts of nominal wages 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). By using the CPI as a deflator, the purchasing power of the SMPT is expected to increase again by the end of the year: +0.7% year-on-year in Q4 2023. On average over 2023, it is expected to be stable compared to 2022.

In general government, the nominal SMPT increased significantly in 2022 (+4.3% on average, after +2.5% in 2021), mainly driven by the review of Category C personnel wages and of the index point on 1st July (+3.5%). However, because of the upturn in inflation, the purchasing power of the SMPT in general government, as in the private sector, slipped back in 2022 (-0.5% on average). In 2023, nominal wages look set to accelerate (+6.9% forecast as an annual average), due to category-specific measures, especially in favour of teachers, and assuming new wage measures in July 2023, of an equivalent amount to the 3.5% increase in the index point in July 2022.[2] Real wages are likely to increase on average over 2023: +0.4% (+1.8% using the CPI as deflator). ●

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1 The SMB corresponds to the core component of the SMPT, alongside the short-term component which was affected mainly by value sharing bonus payouts.
2 Although the measures announced on 12 June 2023 took on a different form from the standard assumption selected for this forecast, the amounts involved appear to be relatively commensurable.

►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		
	2022				2023				2022				2023				2021	2022	2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Average wage per capita (SMPT) in non-agricultural market branches	1.2	1.2	1.0	1.8	1.2	1.0	1.0	1.6	6.8	6.6	4.1	5.2	5.3	5.1	5.1	4.9	5.7	5.7	5.1
Basic monthly wage (SMB)	0.9	1.0	1.0	0.9	1.5	1.1	1.0	0.9	2.3	3.1	3.7	3.9	4.6	4.7	4.6	4.6	1.5	3.2	4.6
SMPT in general government																	2.5	4.3	6.9
Real SMPT* in the non-agricultural market branches	0.1	-0.7	-0.7	-0.1	-0.8	-0.2	0.0	0.8	3.8	2.1	-1.2	-1.3	-2.2	-1.8	-1.1	-0.2	4.1	0.8	-1.3
Real SMB*	-0.2	-0.8	-0.6	-1.0	-0.5	-0.1	0.0	0.1	-0.6	-1.3	-1.7	-2.6	-2.9	-2.2	-1.6	-0.5	0.0	-1.5	-1.8
Real SMPT* in general government																	0.9	-0.5	0.4
Real SMPT** in non-agricultural market branches	-0.3	-0.7	-0.3	0.5	-0.2	-0.1	0.1	0.9	3.0	1.2	-1.6	-0.8	-0.7	-0.1	0.3	0.7	4.0	0.4	0.0
Real SMB**	-0.7	-0.8	-0.3	-0.3	0.1	0.0	0.1	0.2	-1.3	-2.1	-2.0	-2.1	-1.3	-0.5	-0.2	0.4	-0.1	-1.9	-0.4
Real SMPT** in general government																	0.8	-0.9	1.8

■ Forecast.
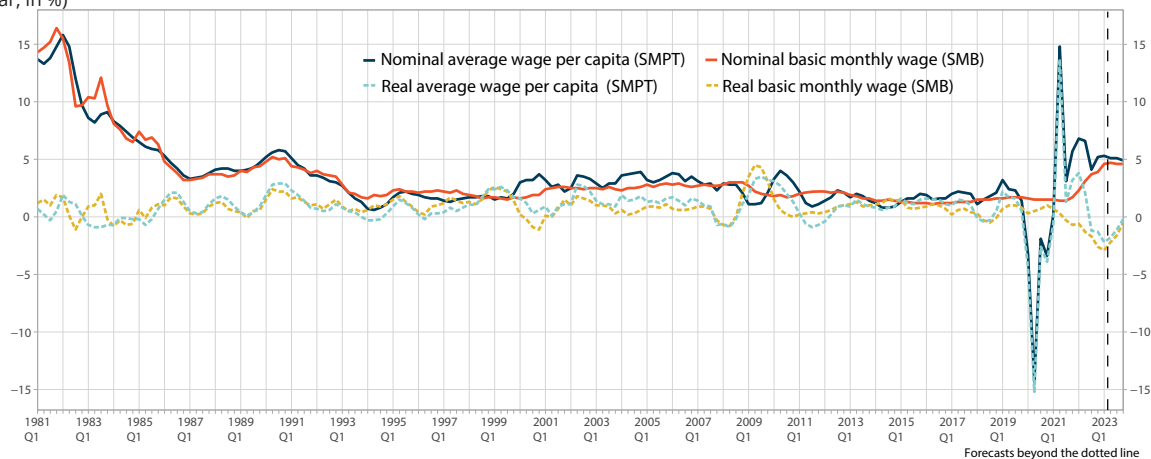* in the sense of the household consumption price (quarterly national accounts).
** in the sense of the CPI - household consumption price index.
How to read it: in Q4 2023, the basic monthly wage (SMB) would grow by 0.9% compared to the previous quarter.
Source: DARES, INSEE.

►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 Q4 2023, year-on-year growth in nominal SMPT would be 4.9%.
Scope: non-agricultural market sector.
Source: DARES, INSEE.