

Wages

In H2 2023, the average wage per capita (SMPT) in the non-agricultural market branches continued to rise (+0.4% in Q3 2023 then +0.7% in Q4), but at a less sustained pace than at the start of the year. Year-on-year, it increased by 3.1% at the end of 2023, after +4.7% mid-year. This nominal rise was less than the rise in consumer prices, with the result that real wages decreased by 0.7% year-on-year in Q4 (► [Figures 1 and 2](#)).

This particularly rapid slowdown in wages is observed for the basic monthly wage (SMB¹). This wage did indeed decelerate in H2 2023 (nominal year-on-year variation of +3.8% in Q4 2023, against +4.5% in Q2), due mainly to the decline in inflation and the lack of an automatic increase in the minimum wage over the period; thus the year-on-year variation in the real SMB was zero at the end of 2023. The profile of the SMPT was also affected by payments under the value-sharing bonus scheme (PPV²): there were indeed massive bonus payouts towards the end of 2023, although less so than at the end of 2022, and this contributed to the slowdown of the SMPT year-on-year.

On average, the SMPT and the SMB were dynamic in nominal terms throughout 2023 (+4.2% and +4.3% respectively) but they again declined in real terms (-0.7% and -0.6% respectively). As in 2022, these unprecedented falls reflect the strong momentum of prices over the recent period. Over two years, the decline in the real SMB was 2.5%.

In Q1 2024, the SMB is expected to accelerate (+1.0% forecast quarter-on-quarter), driven by the fact that previous inflation was taken into account in wage negotiations and the automatic increase in the minimum wage of +1.1% was applied in January. Meanwhile, the SMPT is likely to increase by 0.8% quarter-on-quarter, with fewer PPV payments, since the bonus scheme has become less advantageous (subject to social contributions and income tax from 1st January 2024). In Q2 2024, wages are expected to slow, in line with the slowdown in prices (+0.6% forecast for the SMB and +0.7% for the SMPT). All in all, they should then increase once again year-on-year by mid-2024: +2.8% for the SMB and +2.6% for the SMPT. This pace is consistent with the responses from business leaders in the business tendency surveys: at the beginning of 2024, the balance of opinion on expectations for wages in industry is much lower than a year ago (► [Figure 3](#)).

The slowdown in wages is likely to be a little less than the slowdown in prices, however, with the result that real wages should rise again very slightly over the forecasting period (► [Figure 1](#)): in 2024, the mid-year growth overhang for the real SMPT is expected to be +0.2%, and for the real SMB +0.3%. Gains in the purchasing power of wages that were anticipated for H1 are therefore still expected to be very limited compared to the losses accumulated in 2022 and 2023.

In general government, the nominal SMPT increased by an average of 4.0% in 2023, after +4.3% in 2022, due mainly to payments of the one-off purchasing power bonus, the revision of the index point by 1.5% on 1st July and category-specific measures in favour of teachers. However, this momentum was still less than that in prices, and real wages of government personnel declined in 2023 at a similar pace to the wages of employees in the private sector (-0.8% as an annual average after already experiencing -0.9% in 2022). At the start of 2024, government employees are expected to receive an increase in their index-based wage but this is unlikely to be enough to offset the rise in prices. Unlike the private sector, the real SMPT in general government does not look set to pick up: its mid-year growth overhang is expected to be -0.6%. ●

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 The PPV scheme allows employers to pay, under certain conditions, 6,000 euros in bonuses per employee per year, exempt from social security contributions and tax-free until the end of 2023 (► [Focus](#) "Value-sharing bonus: massive payouts at the end of 2022, with potential windfall effects", *Economic outlook*, March 2023).

French economic outlook

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

(changes in %, seasonally adjusted data)

	Quarterly change						Year-on-year change						Average annual change		
	2023				2024		2023				2024		2022	2023	2024 (ovhg)
	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2			
Average wage per capita (SMPT) in non-agricultural market branches	1.1	0.8	0.4	0.7	0.8	0.7	4.9	4.7	4.0	3.1	2.7	2.6	5.7	4.2	2.3
Basic monthly wage (SMB)	1.6	0.9	0.7	0.4	1.0	0.6	4.6	4.5	4.2	3.8	3.1	2.8	3.2	4.3	2.4
SMPT in general government													4.3	4.0	1.5
Real SMPT* in the non-agricultural market branches	-0.3	-0.2	-0.4	0.2	0.3	0.0	-1.0	-0.4	-0.7	-0.7	-0.1	0.1	0.4	-0.7	0.2
Real SMB*	0.2	-0.1	0.0	-0.1	0.5	-0.1	-1.3	-0.6	-0.5	0.0	0.3	0.3	-1.9	-0.6	0.3
Real SMPT* in general government													-0.9	-0.8	-0.6

■ Forecast.

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

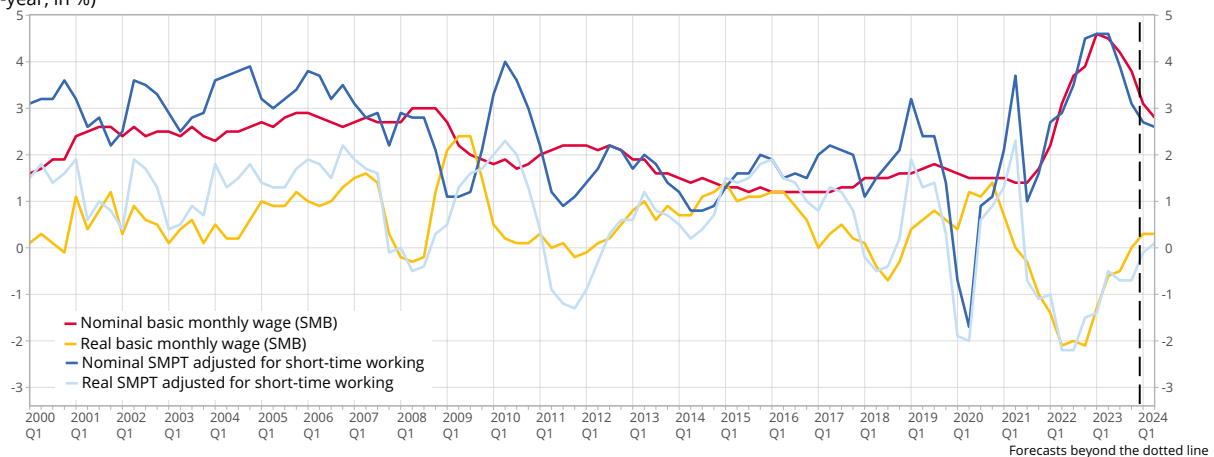
Note: the sharp rise in the SMPT in 2022 was automatic, resulting from the decline in the use of short-term working compared to the still high level in 2021, and these payments were not counted as wages. Excluding this automatic effect, the SMPT fell in 2022 in real terms by 1.8%, a similar decline to 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) and 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, ► [blog post on wage indicators](#).

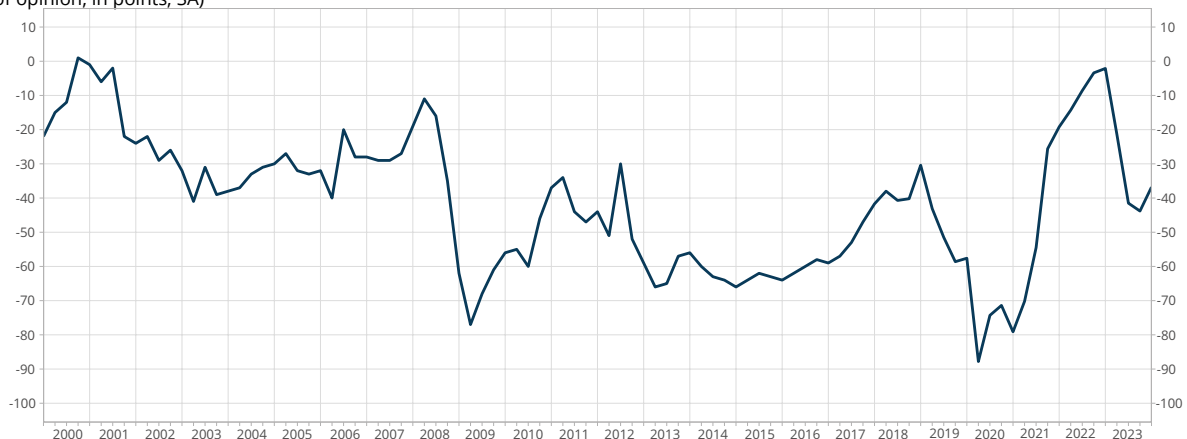
How to read it: in Q2 2024, year-on-year growth in nominal SMPT would be 2.8%.

Scope: non-agricultural market sector.

Source: DARES, INSEE.

► 3. Balance of opinion on general expectations for wages in industry since 2000

(balance of opinion, in points, SA)



Last point: Q1 2024.

How to read it: in Q1 2024, the balance of opinion on general expectations for wages in industry stood at -37 points.

Source: quarterly business survey in industry, INSEE.