

# Wages

In Q3 2024, the average wage per capita (SMPT) in the non-agricultural market branches decelerated (+0.4% over the quarter, after +0.7% in Q2; ► [Figure 1](#)). The basic monthly wage (SMB<sup>1</sup>) also slowed (+0.5% after +0.6%). This slowdown was happening in the context of a downturn in inflation: the consumer price index increased by 1.7% year on year on average in Q3 2024, after +2.2% in the previous quarter. In the business tendency surveys companies report a similar pace of increase for Q4 2024 as in the previous quarter (► [Figure 2](#)) and the SMPT, like the SMB, is expected to increase by 0.5%, driven mainly by the expected +2.0% increase in the minimum wage on 1<sup>st</sup> November.

As an annual average, nominal wages are expected to decelerate in 2024: +2.9% forecast for the SMB (after +4.3% in 2023) and +2.8% for the SMPT (after +4.1%). The dynamism of the SMPT is likely to be limited by smaller value sharing bonus payouts (PPV<sup>2</sup>), mainly because the system has been taxed since 1<sup>st</sup> January 2024 for some employees. However, the slowdown in wages in 2024 is expected to be slightly less pronounced than that of prices, which should result in a regain in purchasing power for wages after falling for two years: on average in 2024, the real SMB looks set to rise by 0.9% and the real SMPT by 0.8%.

In Q1 2025, nominal wages are expected to increase by 0.4%, both the SMB and the SMPT, a much slower pace than in the early quarters of 2023 and 2024, when some strong increases were seen. This decline in momentum at the start of 2025 is likely to be due to the fact that the expected automatic increase in the minimum wage on 1<sup>st</sup> January did not happen, and the downturn in inflation was taken into account in wage negotiations. In Q2 2025, nominal wages are expected to rise again by +0.4% during the quarter (the SMB and the SMPT) and, for the first time since the end of 2021, their annual rate is likely to be below 2.0% (+1.9% for the SMB and +1.8% for the SMPT; ► [Figures 1 and 3](#)).

<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 and overtime hours.

<sup>2</sup> The PPV scheme allows employers to pay, under certain conditions, €6,000 in bonuses per employee, per year, exempt from social security contributions (► [Focus](#) "Value-sharing bonus: massive payouts at the end of 2022, with potential windfall effects", *Economic outlook*, March 2023).

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

(changes in %, seasonally adjusted data)

	Quarterly growth rates										Annual growth rates										Average annual change		
	2023				2024				2025		2023				2024				2025		2023	2024	2025 ovgh
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Average wage per capita (SMPT) in non-agricultural market branches	0.9	0.7	0.5	0.8	0.8	0.7	0.4	0.5	0.4	0.4	5.0	4.6	3.7	3.0	2.9	2.9	2.8	2.5	2.1	1.8	4.1	2.8	1.5
SMPT adjusted for short-time working* in non-agricultural market sectors	0.9	0.7	0.5	0.8	0.8	0.7	0.4	0.5	0.4	0.4	4.6	4.5	3.7	3.0	2.9	2.9	2.8	2.5	2.1	1.8	3.9	2.8	1.5
Basic monthly wage (SMB)	1.6	0.9	0.8	0.5	1.1	0.6	0.5	0.5	0.4	0.4	4.6	4.5	4.2	3.8	3.3	2.9	2.7	2.7	2.1	1.9	4.3	2.9	1.5
SMPT in general government																					4.1	3.8	0.7
Real SMPT* in the non-agricultural market branches	-0.5	-0.3	-0.3	0.3	0.4	0.3	0.1	0.5	0.3	0.1	-0.9	-0.5	-1.0	-0.7	0.1	0.7	1.0	1.2	1.1	0.9	-0.8	0.8	0.8
SMPT adjusted for real** short-time working in non-agricultural market sectors	-0.5	-0.3	-0.3	0.3	0.4	0.3	0.1	0.5	0.3	0.1	-1.3	-0.6	-1.0	-0.7	0.1	0.7	1.0	1.2	1.1	0.9	-0.9	0.8	0.8
Real SMB*	0.2	-0.1	0.0	0.0	0.6	0.1	0.2	0.5	0.3	0.1	-1.3	-0.6	-0.5	0.1	0.5	0.7	0.9	1.4	1.1	1.0	-0.6	0.9	0.8
Real SMPT* in general government																					-0.7	1.8	0.0

■ 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 Q2 2025, the basic monthly wage (SMB) would grow by 0.4% compared to the previous quarter.

**Source:** DARES, INSEE.

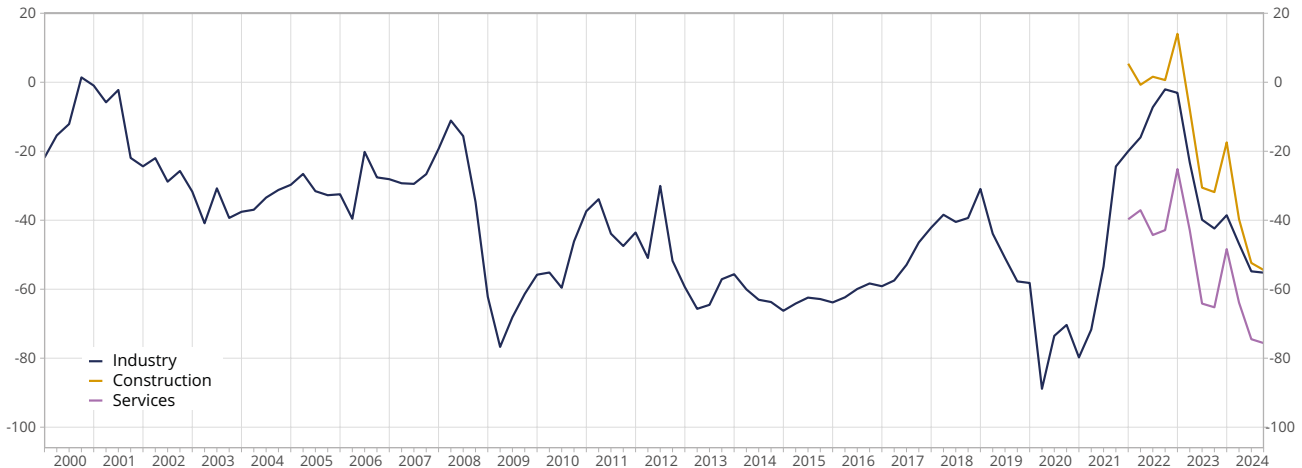
## French economic outlook

The mid-year growth overhang for 2025 for the SMB and the SMPT is expected to be +1.5%, a greater increase than for prices (+0.7% expected). Thus the gain in purchasing power by wages looks set to continue in H1 2025: the mid-year growth overhang is expected to reach +0.8% for the real SMB and the real SMPT. Nevertheless, gains in purchasing power cumulated for 2024 and early 2025 (+1.7% for the SMB and +1.6% for the SMPT) are likely to remain below the combined losses for 2022 and 2023 (-2.4% for the SMB and -2.8% for the SMPT adjusted for short-term working).

In general government, the nominal SMPT is likely to increase by 3.8% on average in 2024, driven by various measures (increase in the index point for all public employees early in the year, increase for teachers from September 2023, bonuses paid for the Olympic and Paralympic Games), even though the one-off purchasing power bonus (GIPA) was not paid at the end of the year. The purchasing power of the SMPT in general government is thus expected to improve by 1.8% on average in 2024, after falling back 0.7% in 2023. At the start of 2025, it is likely that the nominal SMPT in general government will suffer from the after-effects of the payment of bonuses associated with the Olympic and Paralympic Games. Wages in the public sector are thus expected to increase less than in the private sector (+0.7% carry-over by mid-2025), and remain stable in real terms. ●

### ► 2. Balance of opinion on general expectations for wages

(SA data for industry only, in %)



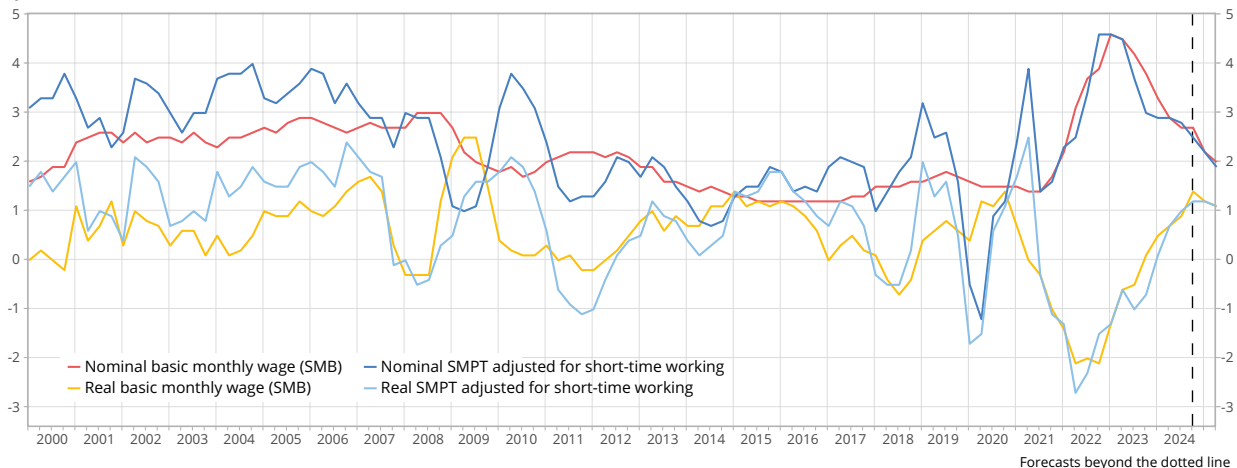
**Last point:** Q4 2024 (October).

**How to read it:** in Q4 2024, the balance of opinion on the general outlook for wages in industry rises to -55 points.

**Source:** INSEE, quarterly business survey in industry.

### ► 3. 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 sense of the CPI - household consumption price index.

**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 indicator \(in French\)](#).

**How to read it:** in Q2 2025, year-on-year growth in nominal SMPT would be 1.9%.

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

**Source:** DARES, INSEE.