

Economic Analysis

The Wage Price Index, measuring total hourly rates of pay excluding bonuses, increased a seasonally adjusted 0.8% in Q2 2024 (exp 0.9%).

The Q1 gain was revised up to 0.9% from the original estimate of 0.8%.

The annual rate of wages growth was steady at 4.1%.

The private sector wage price index increased 0.7% in the quarter and 4.1% YoY, while public sector wages rose 0.9% in the quarter to be up 3.9% YoY.

| % | QoQ | YoY |
|---------------------------------|-----|-----|
| WPI Seasonally Adjusted | 0.8 | 4.1 |
| WPI Unadjusted | 0.6 | 4.1 |
| WPI Private Seasonally Adjusted | 0.7 | 4.1 |
| WPI Public Seasonally Adjusted | 0.9 | 3.9 |

Industry Sectors (Unadjusted)

The mining sector saw the strongest unadjusted quarterly increase in wages with a 1.3% rise, followed by a 1.0% increase for public administration and safety. Annual wages growth was strongest in healthcare and social assistance (5.0%) followed by utility workers and education and training (4.3%).

On the other side of the ledger, retail workers had the lowest quarterly increase of 0.2%, as did those in healthcare and social assistance. However, the latter saw particularly big increases in the second half of 2023.

The 'other services' category saw the lowest annual wages growth of 3.1%. Information media and telecommunications was the next lowest category with 3.4%.

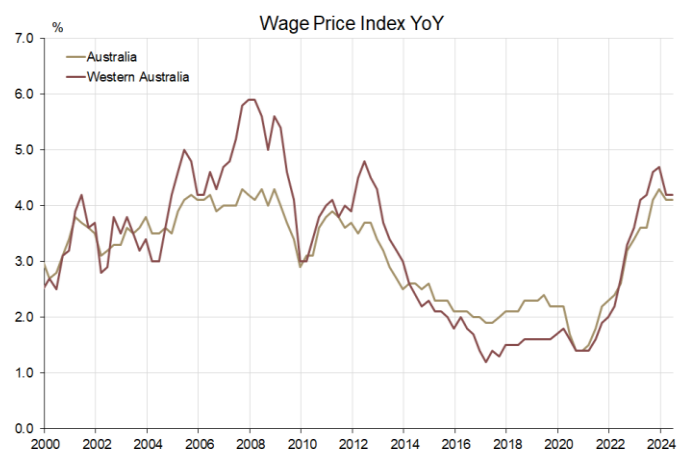
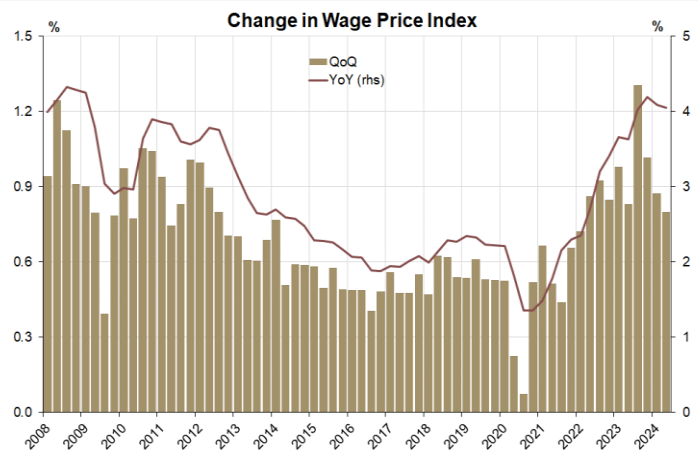
States (Unadjusted)

Quarterly wages growth was fastest in Western Australia with 0.8% and slowest in New South Wales and Victoria with 0.5%.

Tasmania saw the fastest annual wages growth of 5.1%, with Victoria seeing the slowest growth of 3.1%. The Western Australian wage price index rose 4.2% over the year.

| WPI (Unadjusted, %) | QoQ | YoY |
|---------------------|-----|-----|
| Western Australia | 0.8 | 4.2 |
| New South Wales | 0.5 | 4.2 |
| Victoria | 0.5 | 3.3 |
| Queensland | 0.7 | 4.6 |
| South Australia | 0.7 | 3.9 |
| Tasmania | 0.6 | 5.1 |
| Australia | 0.6 | 4.1 |

Wage Price Index Q2 2024



Comment

Wage inflation slowed for the third quarter in a row in Q2 2024, after quarterly growth peaked at a series high (since 1997), of 1.3% in Q3 2023.

Seasonally adjusted wages growth is running at an annualised rate of 3.4% over the past six months compared to 4.6% over the second half of 2023.

The decline in wages growth was particularly apparent in the private sector, where wage price index growth of 0.7% was the slowest since December 2021. Public sector wages growth remained elevated, mainly due to the synchronised timing of Commonwealth public sector wage agreements.

Base effects are likely to see the annual pace of wage inflation slow sharply in Q3 as the outsized 1.3% quarterly rise in Q3 2023 drops out of the equation.

The wages report had no impact on the market pricing for the timing of an RBA cash rate cut and was pretty much in line with the forecast of 4.0% YoY in the RBA's quarterly Statement on Monetary Policy released last week.

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