

Economic Analysis

Wage Price Index Q1 2024

The Wage Price Index, measuring total hourly rates of pay excluding bonuses, increased a seasonally adjusted 0.8% in Q1 2024, somewhat less than the 0.9% expected by the markets.

The Q4 2023 gain was revised up to 1.0% from the 0.9% estimated originally.

The annual rate of wages growth decelerated 0.1ppts to 4.1%, while the market participants were expecting a 4.2% gain.

The Q1 2024 increase was driven by private sector wage growth (0.8% QoQ and 4.1% YoY), while public sector wages growth slowed to 0.5% QoQ, the lowest in two years, to be up 3.8% YoY.

%	QoQ	YoY
WPI Seasonally Adjusted	0.8	4.1
WPI Unadjusted	0.6	4.1
WPI Private Seasonally Adjusted	0.8	4.1
WPI Public Seasonally Adjusted	0.5	3.8

Industry Sectors (Unadjusted)

The strongest quarterly increases in wages (unadjusted) were in electricity, gas, water and waste services (1.2%), followed by financial and insurance services (1.1%). The smallest gains were registered in information media and telecommunications (0.1%).

In the annual terms, the strongest wage gain was registered for healthcare (5.3%), followed by electricity, gas, water and waste services (4.4%; the most since Q1 2013). Arts and recreation services, and 'other services' saw the smallest annual increases of 3.1%.

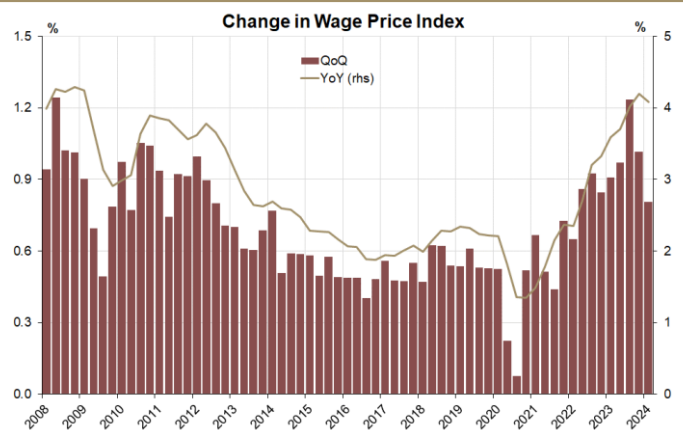
Mining wages rose by 0.5% in the quarter, to be 3.8% up through the year.

States (Unadjusted)

Quarterly wages growth rates ranged from 0.4% in South Australia to 1.6% in Tasmania, while annual growth rates varied from 3.6% in Victoria to 4.9% in Tasmania.

Western Australian wages rose by 0.6% in the quarter, to be 4.2% up through the year. Private sector wages rose by 0.6% QoQ and 4.1% YoY, while public sector wages rose by 0.3% QoQ and 3.7% YoY.

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	0.6	4.2
New South Wales	0.6	4.2
Victoria	0.6	3.6
Queensland	0.7	4.6
South Australia	0.4	3.8
Tasmania	1.6	4.9
Australia	0.6	4.1



Comment

Despite the unexpected slight slowdown, Aussie wages growth remained solid and, in annual terms, above CPI inflation.

Over 45% of annual wage increases were 4% or higher, an increase from 43% in Q4, with individual arrangements the major driver during the quarter.

That said, there are signs that wage inflation is easing. The quarterly rate of wages growth was the slowest since Q4 2022 and this was the first slowdown in annual growth of private sector wages since September 2020. The proportion of jobs seeing an hourly wage change was just 12%, compared to 14% in March 2023, the lowest recording for March in at least 13 years.

The Q1 wages report had no meaningful impact on the market, since it was broadly in line with expectations and does not alter the RBA's view. There are still no cuts expected until well into 2025, and the additional spending measures offered in yesterday's budget, while mechanically reducing inflation readings in near-term, pose an additional upside risk to inflation going forward.

15 MAY 2024

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