

Wages Price Index Q4 2024

The wage price index, measuring total hourly rates of pay excluding bonuses, increased by a seasonally adjusted 0.7% in Q4 2024, which is slightly less than the 0.9% expected by markets and the least since Q1 2022.

The Q3 gain was revised up to 0.9% from the original estimate of 0.8%.

The annual rate of wages growth decelerated to 3.2% from the upwardly revised 3.6% in the previous quarter. This is the weakest annual gain in over two years.

Private and public sector wages both saw an increase of 0.7% in the quarter, with private sector wages up by 3.3% YoY unseen since Q2 2022 and private sector wages rising by 2.8% YoY, the least since Q1 2023.

%	QoQ	YoY
WPI Seasonally Adjusted	0.7	3.2
WPI Unadjusted	0.7	3.2
WPI Private Seasonally Adjusted	0.7	3.3
WPI Public Seasonally Adjusted	0.6	2.8

Industry Sectors (Unadjusted)

Quarterly and annual wages growth slowed in the prevailing majority of industries.

The strongest quarterly slowdown of 2.4ppts was registered for accommodation and food services. It was also the only sector where wages were almost flat for the quarter. Financial and insurance services as well as mining were the only sectors that saw faster quarterly wage growth in Q4.

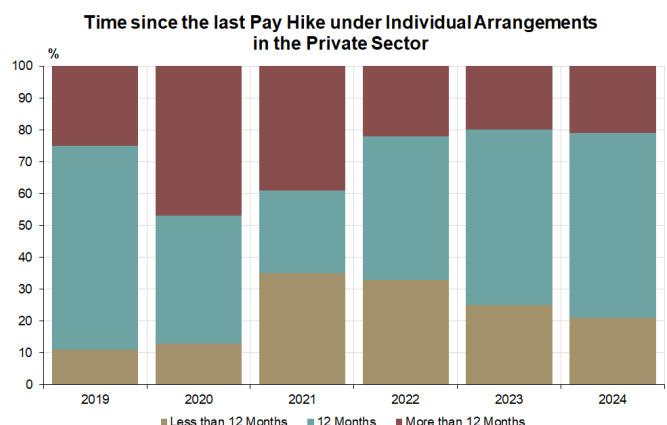
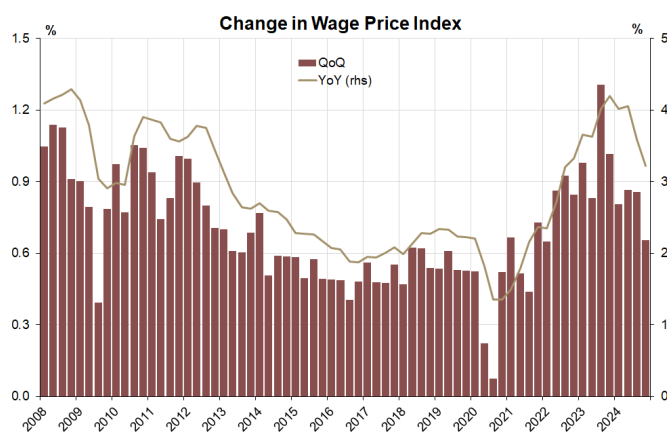
The fastest slowdown in annual wage growth was in predominantly non-market education and training (-1.1ppts to 3.3%) as well as healthcare and social assistance (-0.8ppts to 2.8%).

States (Unadjusted)

Quarterly wages growth ranged between 0.5% and 0.7% across the states. The fastest annual rate of growth was registered for Tasmania (3.9%), and was the slowest in New South Wales (2.9%).

Western Australian wages rose by 0.7% in Q4 2024, to be up by 3.3% through the year. Private sector wages rose by 0.6% in the quarter and by 3.5% through the year, the highest of all other mainland states. Western Australian public sector wages picked up by 0.9% QoQ and by 2.1% YoY.

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	0.7	3.3
New South Wales	0.6	2.9
Victoria	0.7	3.2
Queensland	0.6	3.7
South Australia	0.7	3.1
Tasmania	0.5	3.9
Australia	0.7	3.2



Comments

Wage inflation continued to slow in Q4 2024, to be the slowest in more than two years. The slowdown is broad-based, obvious in most market and non-market industries.

Enterprise agreements and individual arrangements were almost equally responsible for the wage gains in Q4. However, the share of jobs that received a wage hike under individual agreements less than 12 months ago has been on a steady decline over the past three years, while the standard 12-month wage hike was becoming more frequent. This could suggest a decline in bargaining power of Australian employees, as labour market conditions are easing by some measures.

According to the Jobs and Skills Commission data, also released today, there are 2.8 unemployed per a job ad, which is one of the worst outcomes since late 2021. Annual growth in SEEK advertised salaries was 3.6% in December 2024, against 4.7% in September 2021.

The wages report had a marginal upward impact on market cash rate expectations, which had been scaled back somewhat after the 'hawkish cut' yesterday. However, the market is still not fully pricing in two more 25bps cuts for this year. The investors' attention is turning to the January labour force survey results due tomorrow.

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