



**Media Release** Embargoed until 11:00am AEST, Thursday 13 August 2020

Melbourne Institute Survey of Consumer Inflationary and Wage Expectations

## Significant disagreement about future prices. Actual pay growth is again negative.

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary and Wage Expectations, rose by 0.1 percentage points in August to 3.3 per cent. However, the proportion of respondents expecting an increase in prices fell by 1.5 percentage points in August (after also falling by 0.7 percentage points in July) suggesting significant disagreement about future prices.

Total pay growth over the year to August 2020 was negative for the third consecutive month at -0.1 per cent. In August, only 29.1 per cent of respondents reported an increase in total pay, while 19.3 per cent reported a fall. Total pay was expected to grow by only 0.7 per cent over the year, suggesting a general pessimism about future pay growth.

Although overall pay growth was weak, the data suggest that there are significant differences in pay growth across demographic and occupational groups, reflecting the uneven impact of the COVID-19 crisis on Australia's labour market. In particular, part-time employees and employees in the youngest age group (18-24 years) reported large declines in their pay for the second consecutive month.

The September 2020 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday, 10 September 2020.

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*The Melbourne Institute Survey of Consumer Inflationary Expectations measures are designed to represent the average householder's expected rate of consumer price changes over the coming 12 months. Further information can be found in the attached report or by visiting: <https://melbourneinstitute.unimelb.edu.au/publications/macroeconomic-reports>*

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