



Media Release Embargoed until 11:00am AEST, Thursday 16 July 2020

Melbourne Institute Survey of Consumer Inflationary and Wage Expectations

Inflation expectations fall again in June. 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, fell by 0.1 percentage points in July to 3.2 per cent. The proportion of respondents expecting an increase in prices also fell by 0.7 percentage points in July and is below 50 per cent for the third consecutive month.

Total pay growth over the year to June 2020 was negative for the second consecutive month at -0.1 per cent. In July, only 28.9 per cent of respondents reported an increase in total pay, while 22.2 per cent reported a fall. Total pay was expected to grow by only 0.5 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. Part-time employees and employees in the youngest age group (18-24 years) have reported large declines in their pay, whereas tradespersons have reported a significant increase in pay. These differences are likely to be, at least partially, a reflection of the effects of stimulus packages such as the JobKeeper program.

The August 2020 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday, 13 August 2020.

ENDS

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>

For queries regarding this report please contact:

Dr Sam Tsiaplias
Tel: 03 9035 3353
Email : stsiaplias@unimelb.edu.au

General Macro@MI enquiries
Email: Macro-Melb-Inst@unimelb.edu.au