



Media Release Embargoed until 11:00am AEDT, Thursday 12 November 2020

Melbourne Institute Survey of Consumer Inflationary and Wage Expectations

Reported pay growth is negative in November. although consumers are more optimistic about future growth.

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary and Wage Expectations, increased by 0.1 percentage points in November to 3.5 per cent. The proportion of respondents expecting an overall increase in prices also rose by 1.0 percentage points in November.

In terms of total pay, growth over the year to November 2020 was -0.6 per cent, a return to the negative annual rate of growth reported in September after the sharp increase in October. In November, 28.1 per cent of respondents reported an increase in total pay, while 22.6 per cent reported a fall. Total pay was expected to grow by 1.8 per cent over the year, which is considerably higher than the 1.2 per cent expected annual growth last month.

Dr Tsiaplias notes that “it appears that the increase in actual pay reported by consumers in October was temporary, with actual pay growth over the 12 months to November again being negative. Consumers have now reported negative annual pay growth in five of the past six months. However, consumers appear to be more optimistic about conditions going forward, with expected pay growth over the coming year rising to 1.8 per cent, its highest value since June 2020. Moreover, the proportion of consumers expecting prices to rise over the next year exceeded 50 per cent for the first time since April of this year.”

The December 2020 Survey of Consumer Inflationary Expectations will be released at 11am AEDT, Thursday, 10 December 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>

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