



Media Release Embargoed until 11:00am AEDT, Thursday 11 February 2021

Melbourne Institute Survey of Consumer Inflationary and Wage Expectations

Inflation expectations increase in February. Wage expectations remain weak.

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary and Wage Expectations, rose by 0.3 percentage points in February to 3.7 per cent. The distribution of responses also reveals that the proportion of respondents expecting an increase in prices rose by 4.4 percentage points in February to 56.6 per cent.

In terms of total pay, growth over the year to February 2021 was -0.4 per cent, down by 0.4 percentage points from the growth reported last month. In February, 24.2 per cent of respondents reported an increase in total pay, while 20.6 per cent reported a fall. Total pay was expected to grow by 0.6 per cent over the year.

Dr Tsiaplias notes that “the proportion of respondents expecting prices to rise exceeded 50 per cent for a fourth consecutive month, after falling to below 50 per cent from July to October. Nearly 57 per cent of respondents expected higher prices in February, the highest proportion in almost a year. The results suggest that an increasingly large number of consumers expect prices to pick up over the course of 2021. However, consumers remain pessimistic about future wage growth, expecting a mere 0.6 per cent increase over the next 12 months, suggesting that household finances may be placed under additional pressure in 2021.”

The March 2021 Survey of Consumer Inflationary Expectations will be released at 11am AEDT, Thursday, 11 March 2021.

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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