



Media Release Embargoed until 11:00am AEST, Thursday 10 September 2020

Melbourne Institute Survey of Consumer Inflationary and Wage Expectations

Significant disagreement about future prices, with Victoria recording higher inflation than the rest of Australia. Pay growth continues to be negative.

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary and Wage Expectations, decreased by 0.2 percentage points in September to 3.1 per cent. However, the proportion of respondents expecting an increase in prices rose by 1.0 percentage points in September, with fewer respondents expecting a fall in prices. The results highlight significant disagreement about future prices, with Victoria recording higher inflation than the rest of Australia.

Total pay growth over the year to September 2020 was negative for the fourth consecutive month at -0.6 per cent. In September, only 23.2 per cent of respondents reported an increase in total pay, while 19.8 per cent reported a fall. Total pay was expected to grow by only 0.6 per cent over the year, suggesting a general pessimism about future pay growth.

Dr Tsiaplias noted, “the data continue to highlight the uneven impact of the COVID-19 crisis on Australian economic conditions. Part-time employees, in particular, have reported negative pay growth for a fourth consecutive month. Surprisingly, inflation expectations in Victoria were also substantially higher than those of the remaining major states, possibly reflecting uncertainty about supply-side conditions.”

The October 2020 Survey of Consumer Inflationary Expectations will be released at 11am AEDT, Thursday, 15 October 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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