Index gains across the board

The September quarter consumer price inflation (CPI) results have been released in several countries in recent weeks, putting a spotlight on price rises. Many countries reported some of the largest headline CPI increases seen in several years, including Australia (+3.0% y/y), New Zealand (+4.9% y/y) and the United Kingdom (+3.8% y/y - Oct data). The economic debate is now focused on whether these results are transitory, reflecting short-term pandemic-related disruption in some markets such as shipping, construction materials and fuel. Or could they be more permanent and become built in to wages.

The Xero Small Business Index doesn't track prices, but it does include small business wages. These have been trending higher in all three countries in recent months. The results for October were Australia (+2.7% y/y), New Zealand (+3.8% y/y) and the United Kingdom (+2.7% y/y). But wages growth in all three countries remains below the long-term average (Jan 2017 - Dec 2019) for these series : Australia (+3.0% y/y); New Zealand (+3.9% y/y) and the United Kingdom (+3.4% y/y). These results show that, at least for now, higher prices are not yet feeding into above-average wages growth.

There are differences in wages across industries. In New Zealand construction (+4.9% y/y) and hospitality (+4.8% y/y) are both seeing wages growth well above the national average. In Australia, construction (+3.4%) is also experiencing strong wages growth. In the United Kingdom information media and telecommunications (+3.6% y/y) is showing the largest wage rises on the back of being the strongest sector for jobs growth in the United Kingdom.

Looking ahead, wages growth will remain a focus for central banks in the coming months as they continue to assess the permanency, or otherwise, of recent inflation results.

Note: Data for Australia and the United Kingdom has been adjusted, using an annualised two-year growth rate, to account for ongoing base effects from 2020.
Additional Details

About Xero
Xero is a cloud-based accounting software platform for small businesses with over 3 million subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 1,000 third-party apps and 300 plus connections to banks and other financial partners. In 2020 and 2021, Xero was included in the Bloomberg Gender-Equality Index and in 2020, Xero was recognised by IDC MarketScape as a leader in its worldwide SaaS and cloud-enabled small business finance and accounting applications vendor assessment.

About Accenture
Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services—all powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. Our 569,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com.

About Xero Small Business Insights
The aim of Xero Small Business Insights is to create insights to help inform decision makers in support of the small business economy as a whole. These insights were produced by Xero and Accenture for Xero Small Business Insights. The principal source of small business insights in this report is customer data from Xero - a small business platform that supports online accounting and a range of other applications. Xero are responsible custodians of our customers sensitive data and do not release any data that could identify individual businesses. The data used is aggregated and anonymised to ensure the privacy of Xero subscribers, and their counterparts.

Methodology
Full details of the methodology used to construct the Xero Small Business Index can be found [here](#).

Disclaimer
This report was prepared using Xero Small Business Insights data and publicly available data for the purpose of informing and developing policies to support small businesses.

This report includes and is in parts based on assumptions or estimates. It contains general information only and should not be taken as taxation, financial, investment or legal advice. Xero recommends that readers always obtain specific and detailed professional advice about any business decision.

The insights in this report were created from the data that was available as at the date it was extracted. Data used were anonymised and aggregated to ensure individual businesses can not be identified.