It’s a quiet week for local market sensitive indicators; the Statistician’s quarterly measure of Job Vacancies for August out Thursday and RBA Credit on Friday (also August) the picks. Job Vacancies was at a record in the June quarter, in absolute levels and in proportion to the workforce, a sign of very strong labour demand and employment outlook. We will be interested to see whether that growth has continued into August. One of the two indicators we are focussing on in this weekly is what the SEEK labour market data base says about labour demand, salary and wage trends and labour market tightness. SEEK Job Ads have fallen in three of the past four months, opening the possibility of a turn in the labour market though it’s not confirmed elsewhere and other considerations argue caution drawing this conclusion.

Also this week, we will have a watchful eye on the Statistician’s Engineering Construction Activity report for Q2 (Wednesday) for what it says about the infrastructure pipeline. Last week RLB Crane Index for this half pointed to a further increase in numbers, including for infrastructure, especially in Victoria. We take the opportunity in this Weekly to delve into this index. The number of cranes in use for residential high-rise surprisingly increased, as did those for non-residential building projects and for infrastructure work. The construction sector continues to operate at a high level, and across cities.

The other local indicator of note is RBA Credit for August - out Friday - where we look for a pull-back in monthly growth from 0.4% to 0.3% on still-cautious levels of housing credit, especially credit for investors. There is also an update of regional population for 2017, providing further colour on how continued population growth beyond the capital cities is playing out.

Offshore, we start the week with the press reporting that China is cancelling trade talks with the US, quite possibly until after the US mid-term elections. After testing 0.73 late Friday, the AUD and the NZD have pulled back on this press news, the AUD at 0.7270 this morning. The additional US 10% tariff rate on $200bn of Chinese imports and 5-10% Chinese tariffs on $60bn of US imports take effect this week.

With a quiet week also for offshore data, there’ll be even greater focus on the FOMC (early Thursday our time), a hike is expected and priced in, taking the Fed funds rate to 2.00-2.25%. There’ll be interest in 1) how the Fed describes the stance of monetary policy currently and might at forthcoming meetings (accommodative/ neutral), the funds rate moving toward the 2¾-3% neutral rate; and 2) whether the Fed will amend its dot point forecasts for the Fed funds rate. The median Fed forecast calls for a 3-3½% rate by the end of 2019, a slightly restrictive stance. We doubt there will be much change at all to those rate forecasts, nor in the Fed’s economic outlook, positive economic momentum offsetting trade uncertainties.

### Key markets over the past week

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<tr>
<th></th>
<th>Last</th>
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<th>Last</th>
<th>bp / % chg week</th>
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<td>WTI oil</td>
<td>71.5</td>
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</table>

Source: Bloomberg
Labour demand: likely still strong

The SEEK data for August showed that Job Ads fell again for the third month in four and are now in a modest declining statistical monthly trend.

That’s usually a concerning sign – and one we’ll be watching closely over coming months to see if the trend extends. However, we do not see confirmation of this turning point from the NAB Survey employment index, which has remained at a high level through to August, suggesting still above average employment growth in the months ahead. It will also be interesting to see what Thursday’s Job Vacancies report says about the state of labour demand. To the May quarter, it was at a record high in absolute terms and relative to the workforce, a pointer to both above average employment growth ahead and further inroads being made into reducing the unemployment rate.

As for SEEK, the drop since April has been evident in NSW, WA and SA. Finding a common factor here is not clear: it could be a short term anomaly in the data, perhaps in the seasonal adjustment, or perhaps employers taking a break from recruitment for now, if only because of the difficulty of finding suitable labour, a trend evident in the NAB Business Survey.

Look across the industry trends for job ads, one area that is seeing a slowdown is in jobs related to residential housing activity. This trend slowing dates to around the time of the APRA tightening in lending for interest-only lending from March last year and is consistent with other metrics of the housing market, notably the easing in prices, sales/listings and building approvals.

However, what the SEEK data also show is strength/improvement in many other sectors of the labour market (defence, health, mining, infrastructure) broadly offsetting the easing in housing-related sectors. It’s also evident that housing related labour demand has not weakened dramatically and that the Retail and Banking & Finance sectors are not seeing a lot of strength in labour demand.

The SEEK data set also allows us to look at the trend for the salaries advertised as a precursor to still emerging wage trends. Of course, we do need to be careful about not overly interpreting this as a direct measure of wages as changes in salaries can as easily reflect compositional effects either for job types, skill sets and indeed industries where recruitment is changing the most. Higher demand for employees in Mining – a high paying sector – is putting upward pressure on overall average wages.
been assumed that residential construction activity will likely ease ahead, even if at still high levels. For this latest half year, cranes in use for residential projects actually rose, from 491 to 528. While unlikely to be the start of a new uptrend given the headwinds facing the sector, it’s a credible real reminder that activity remains high.

Chart 6: Still high cranes in use on residential sites

In the Melbourne CBD, there were 44 cranes erected and 18 cranes removed, the net increase more than accounting for the total increase in crane numbers across greater Melbourne.

The RLB report also suggests that while the residential apartment cycle has been extended (for now anyway), cranes in use for non-residential building and for infrastructure-related work both rose further. Cranes in use for residential construction (528) far outweigh what we would class as non-residential building (177, including Commercial, Education, Health, Hotel, Mixed Use, Recreation, and Retail) and for Civic (5) and Civil (25) work requiring cranes.

Cranes in use for infrastructure are clearly indicative of increasing infrastructure work now underway. Cranes for Civil work are rising from a low base, up from 15 to 25 and most of these in Melbourne. Within the Civil category, there were thirteen new cranes erected in Melbourne, now in use for Melbourne Metro Tunnel works (7) and the West Gate Tunnel project (5), these two around $17.6bn in current value.

We also noted that while Residential crane numbers declined in Sydney, numbers rose in Melbourne (more than they declined in Sydney), rises were also evident in Brisbane, Canberra, and Perth among the capital cities.
### CALENDAR OF ECONOMIC RELEASES

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic Indicator</th>
<th>Period</th>
<th>Forecast</th>
<th>Consensus</th>
<th>Actual</th>
<th>Previous</th>
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<tr>
<td>GE</td>
<td>IFO Business Climate</td>
<td>Sep</td>
<td>103.2</td>
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<tr>
<td>CA</td>
<td>Wholesale Trade Sales MoM</td>
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<td>US</td>
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<td>UK</td>
<td>Draghi speaks at ECON meeting in Brussels</td>
<td>Sep</td>
<td>31</td>
<td>30.9</td>
<td>13.30</td>
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<tr>
<td>US</td>
<td>Dallas Fed Manf. Activity</td>
<td>Sep</td>
<td>31</td>
<td>30.9</td>
<td>13.30</td>
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**Monday, 24 September 2018**

- **GE** IFO Business Climate, Sep 103.2, 103.8, 7.00, 18.00
- **CA** Wholesale Trade Sales MoM, Jul 0.4, -0.8, 11.30, 22.30
- **US** Chicago Fed Nat Activity Index, Aug 0.2, 0.13, 11.30, 22.30
- **EC** Draghi speaks at ECON meeting in Brussels, Sep 31, 30.9, 13.30, 0.30
- **US** Dallas Fed Manf. Activity, Sep 31, 30.9, 13.30, 0.30

**Tuesday, 25 September 2018**

- **IN** BOJ Minutes of Policy Meeting, 22.50, 9.50
- **IN** BOJ Kuroda speaks in Osaka, 4.30, 15.30
- **EC** ECB’s Praet speaks at FT event in London, 7.10, 18.10
- **US** Dallas Fed Manf. Activity, Sep 31, 24, 13.00, 0.00
- **US** Conf. Board Consumer Confidence, Sep 31, 132, 13.30, 0.00
- **US** ECB’s Coure Chairs Session at 3rd ECB Annual Research Conference, 13.40, 0.40

**Wednesday, 26 September 2018**

- **NZ** Trade Balance NZD, Aug -525, -443, 21.45, 8.45
- **NZ** ANZ Business Confidence, Aug 50.3, 0.00, 11.00
- **AU** Engineering Construction Activity, Aug 50.3, 0.00, 11.00
- **IN** BOJ Kuroda speaks in Tokyo, 5.35, 16.35
- **EC** ECB Publishes Economic Bulletin, 111.2, 111.6, 8.00, 19.00
- **UK** BOE’s Haldane speaks in London, 10.45, 21.45
- **US** CPI EU Harmonized MoM/YoY, Sep P 0.1/1.9, 0.1/1.9, 11.00, 22.00
- **US** Wholesale Inventories MoM, Aug P 0.3, 0.6, 22.30, 9.30
- **US** GDP Annualized QoQ, 4.2, 4.2, 13.30, 22.30
- **US** Durable Goods Orders, Aug P 1.9, -1.7, 13.30, 22.30
- **US** Cap Goods Orders Nondex Ex Air, Aug P 0.3, 1.6, 22.30, 9.30
- **US** Initial Jobless Claims, 210, 201, 13.30, 22.30
- **UK** BOE’s Carney chairs panel in Frankfurt, 13.00, 0.00
- **US** Fed’s Kaplan Speaks at Forum for Minority Banking, 15.30, 2.30
- **EC** ECB’s Praet Speaks at King’s College London, 16.05, 3.05
- **IN** BOJ Kuroda speaks in Tokyo, 5.35, 16.35
- **EC** ECB’s Praet Speaks at King’s College London, 16.05, 3.05
- **US** Fed’s Powell Holds Press Conference Following FOMC Decision, 17.30, 4.30

**Thursday, 27 September 2018**

- **NZ** RBNZ Official Cash Rate, 1.75, 1.75, 20.00, 7.00
- **AU** Job vacancies, Aug 5.7, 5.0, 11.30, 6.10
- **GE** GfK Consumer Confidence, Oct 10.5, 10.5, 10.5, 16.00
- **IN** BOJ Kuroda speaks in Tokyo, 5.35, 16.35
- **EC** ECB Publishes Economic Bulletin, 111.2, 111.6, 8.00, 19.00
- **UK** BOE’s Haldane speaks in London, 10.45, 21.45
- **US** GDP Annualized QoQ, 4.2, 4.2, 13.30, 22.30
- **US** Durable Goods Orders, Aug P 1.9, -1.7, 13.30, 22.30
- **US** Cap Goods Orders Nondex Ex Air, Aug P 0.3, 1.6, 22.30, 9.30
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- **UK** BOE’s Carney chairs panel in Frankfurt, 13.00, 0.00
- **US** Fed’s Kaplan Speaks at Forum for Minority Banking, 15.30, 2.30
- **EC** ECB’s Praet Speaks at King’s College London, 16.05, 3.05
- **US** Powell Makes Brief Remarks on U.S. Economy at Senate Event, 19.30, 6.30
- **CA** Poloz Speech in New Brunswick, 20.45, 7.45

**Friday, 28 September 2018**

- **NZ** ANZ Consumer Confidence Index, Sep 117.6, 21.00, 8.00
- **NZ** Building Permits MoM, Aug -10.3, 21.45, 8.45
- **IN** Jobless Rate, Aug 2.5, 2.5, 22.30, 9.30
- **IN** Tokyo CPI YoY, Sep 1.1, 1.2, 22.30, 9.30
- **IN** BOJ Summary of Opinions, Aug 22.50, 9.30
- **IN** Retail Sales MoM, Aug 0.5, 0.1, 22.30, 9.30
- **IN** Industrial Production MoM/YoY, Aug P 1.5/1.5, -0.1/2.2, 22.50, 9.50
- **AU** Private Sector Credit MoM/YoY, Aug 0.3/4.2, 0.35/4.3, 0.4/4.4, 0.3/10.30
- **CH** Caixin China PMI Mfg, Sep 50.5, 50.6, 0.45, 11.45
- **GE** Unemployment Change (000's), Sep 0/-5.2, 8.5/2, 17.15
- **UK** GDP GQd/YoY, 0.4/3.1, 0.4/1.3, 7.30, 18.30
- **EC** CPI/Core YoY, Sep 2/1, 2/1, 8.00, 19.00
- **US** Fed’s Barkin Speaks at Forum for Minorities in Banking, 11.30, 22.30
- **CA** Industrial Product Price MoM, Aug -0.4, -0.4, 22.30, 9.30
- **CA** GDP MoM/YoY, Jul 0.3, 0.2, 11.30, 22.30
- **US** PCE Core MoM/YoY, Aug 0.2/0.2, 0.2/0.2, 11.30, 22.30
- **US** Chicago Purchasing Manager, Sep 62, 63.6, 22.30, 9.30
- **US** U. of Mich. Sentiment, Sep F 100.5, 100.8, 13.00, 0.00

**Upcoming Central Bank Interest Rate Announcements**

- **US**, Federal Reserve: 26-Sep, 2:25, 2:25%, 2:25% 1.75%-2%
- **New Zealand, RBNZ**: 27-Sep, 1.75%, 1.75%
- **Australia, RBA**: 2-Oct, 1.5%, 1.5%
- **Canada, BoC**: 24-Oct, 1.75%, 1.75%
- **Europe, ECB**: 25-Oct, -0.4%, -0.4%
- **Japan, BoJ**: 31-Oct, -0.1%, -0.1%
- **UK, BOE**: 1-Nov, 0.75%, 0.75%

**GMT: Greenwich Mean Time; AEST: Australian Eastern Standard Time**
FORECASTS

### Economic Forecasts

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### Exchange Rate Forecasts

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### Interest Rate Forecasts

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### Commodity prices [US$]

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<th>Iron ore</th>
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<th>Thermal coal</th>
<th>Copper</th>
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(*) Implied Australian LNG export prices.
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