

AUSTRALIAN LABOUR MARKET CHART PACK

September 2020 | Tapas Strickland, Director, Economics

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SUMMARY

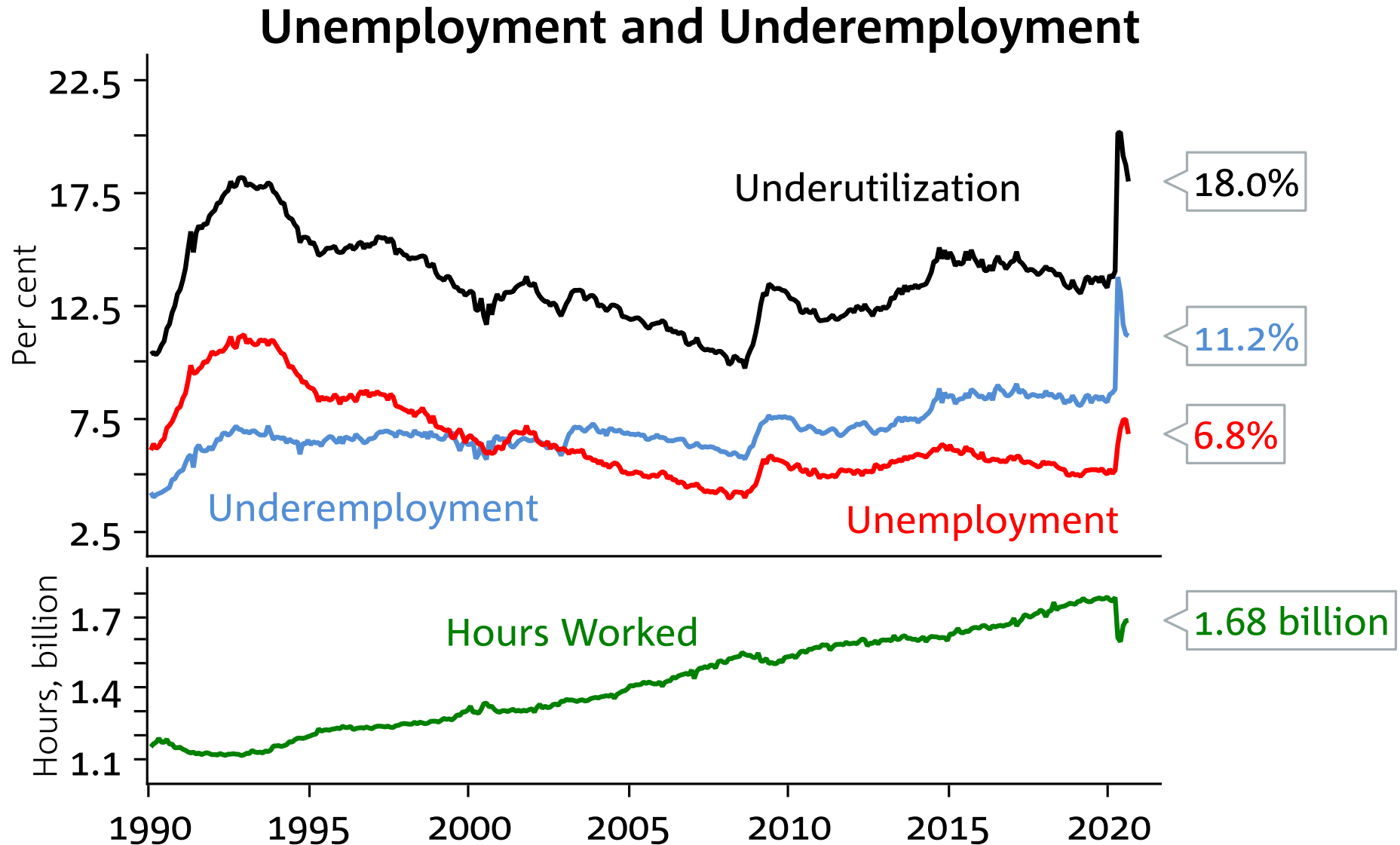
- Traditionally the labour market has been a lagging indicator of activity. However, in this pandemic it is largely contemporaneous and is thus a good summary indicator of the wider economy as well as being timely given new data sets such as weekly payrolls and regular job ad updates by SEEK and Indeed.
- Australia's labour market has recovered around 50% of the job losses associated with the pandemic. Last week's employment data showed that recovery continued in August with 111k jobs against expectations of -35k, while unemployment fell seven-tenths to 6.8% from 7.5%. In contrast hours worked rose a more meagre 0.1%, though this reflected a 4.8% fall in Victoria (in lockdown) and a 1.8% rise in the rest of Australia.
- The surprising strength in employment was driven by a sharp recovery in self-employed (sole traders) in original terms, leading some to question the veracity of the labour market recovery seen to date. Sole trader numbers fell sharply in March and April, so some recovery seems reasonable as the economy outside of Victoria reopens.
- While we have some reservations around the August data, the recovery in the labour market is being seen across a broad range of indicators such as payrolls (where we get another update on Tuesday) and in job ads, which in some states are now above pre-pandemic levels. That suggests there is a genuine signal from last week's employment numbers with a continued recovery outside of Victoria. One example of that is hours worked which nationally is down 5.4% on pre-pandemic levels, but outside of Victoria is down by only 3% with Victoria still down a sharp 12% due to the current lockdown.
- Going forward the conversation is turning to how quickly the Victorian labour market can recover as Victorian virus numbers fall to be within re-opening benchmarks. At the same time the impact on employment an activity of the JobKeeper and JobSeeker programs is also open to debate – levels of support begin to reduce at the end of this month. The tentative recovery in Victoria is set to take place as the JobKeeper and JobSeeker programs start to taper, which may disguise any impacts from reduced government support on the labour market. Accordingly we think it will be important to monitor labour market trends in states other than Victoria to get a reading on the underlying trends in the next few months.

EMPLOYMENT SURPRISED SHARPLY IN AUGUST – employment rose 111K against an expected fall of 35K. Employment remains 416K below pre-covid levels



Source: Macrobond

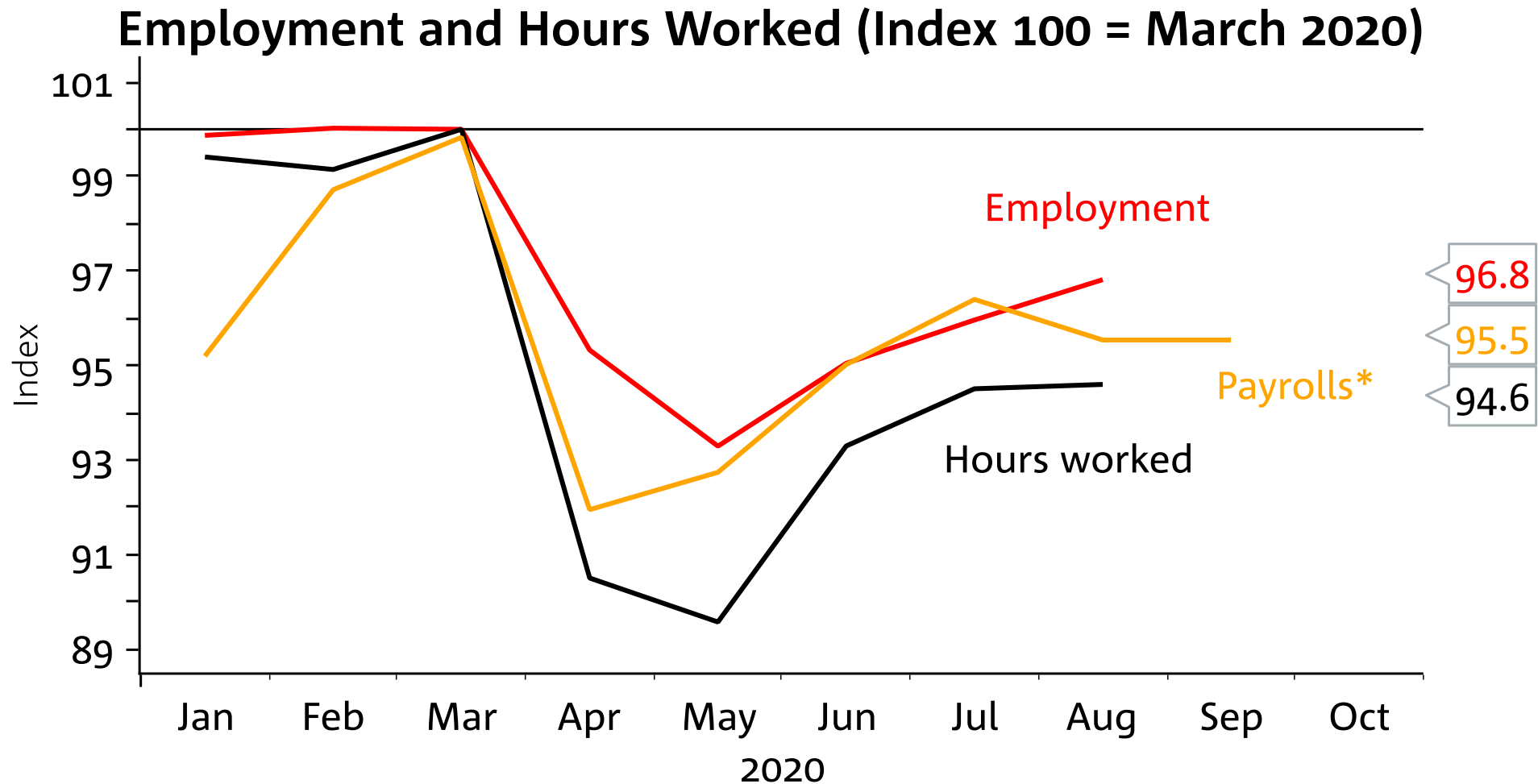
UNEMPLOYMENT ALSO SURPRISED – falling to 6.8% from 7.5%. Hours worked broadly unchanged (+0.1% m/m) but remain 5.4% below pre-covid levels



Source: National Australia Bank, ABS

THE STRENGTH IN AUGUST EMPLOYMENT CONTRASTS WITH SOFTER PAYROLLS –

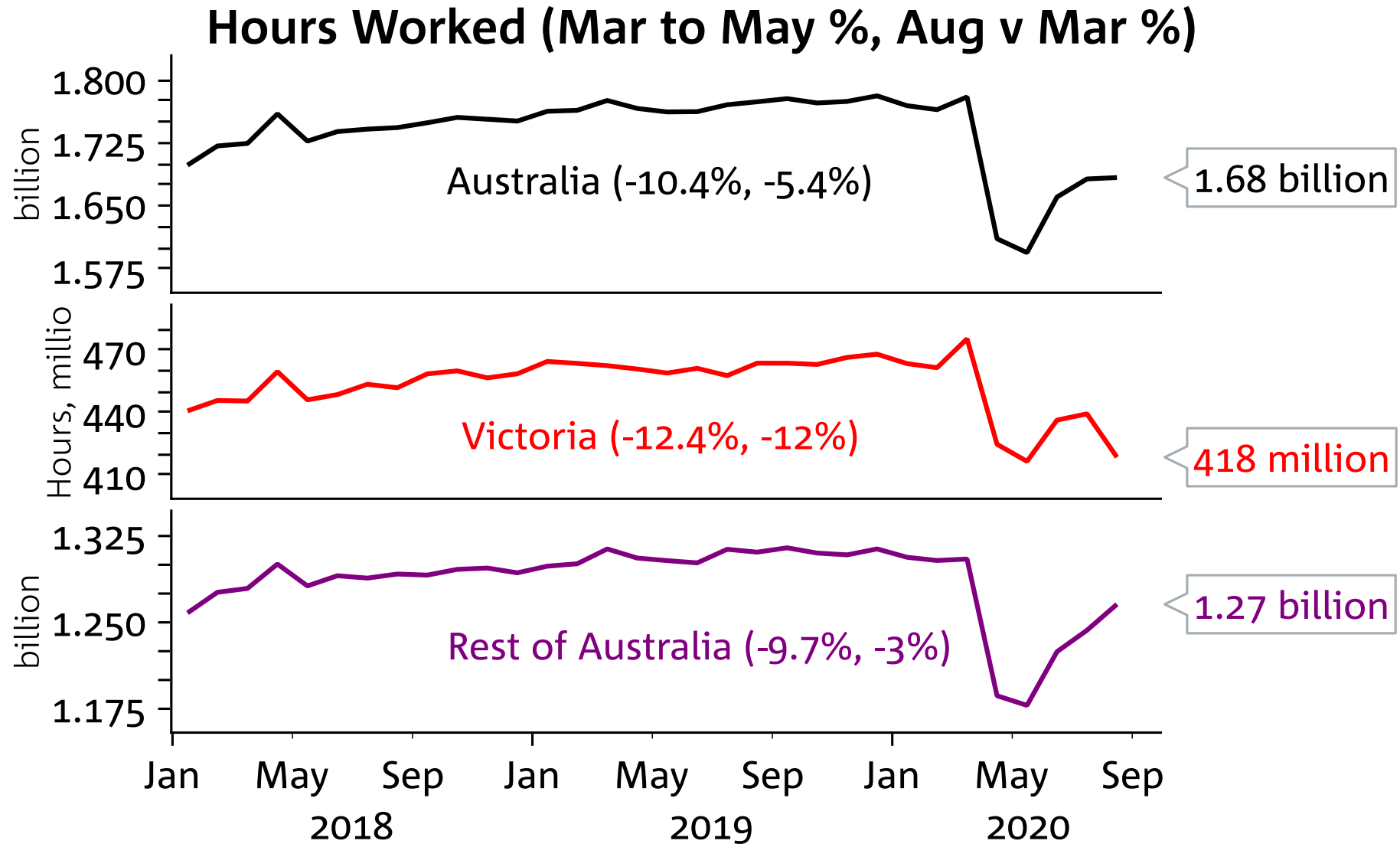
but all measures show a significant recovery of pandemic losses



* Payrolls index is not seasonally adjusted and is for the relevant reference week. September datapoint is the latest reading for August

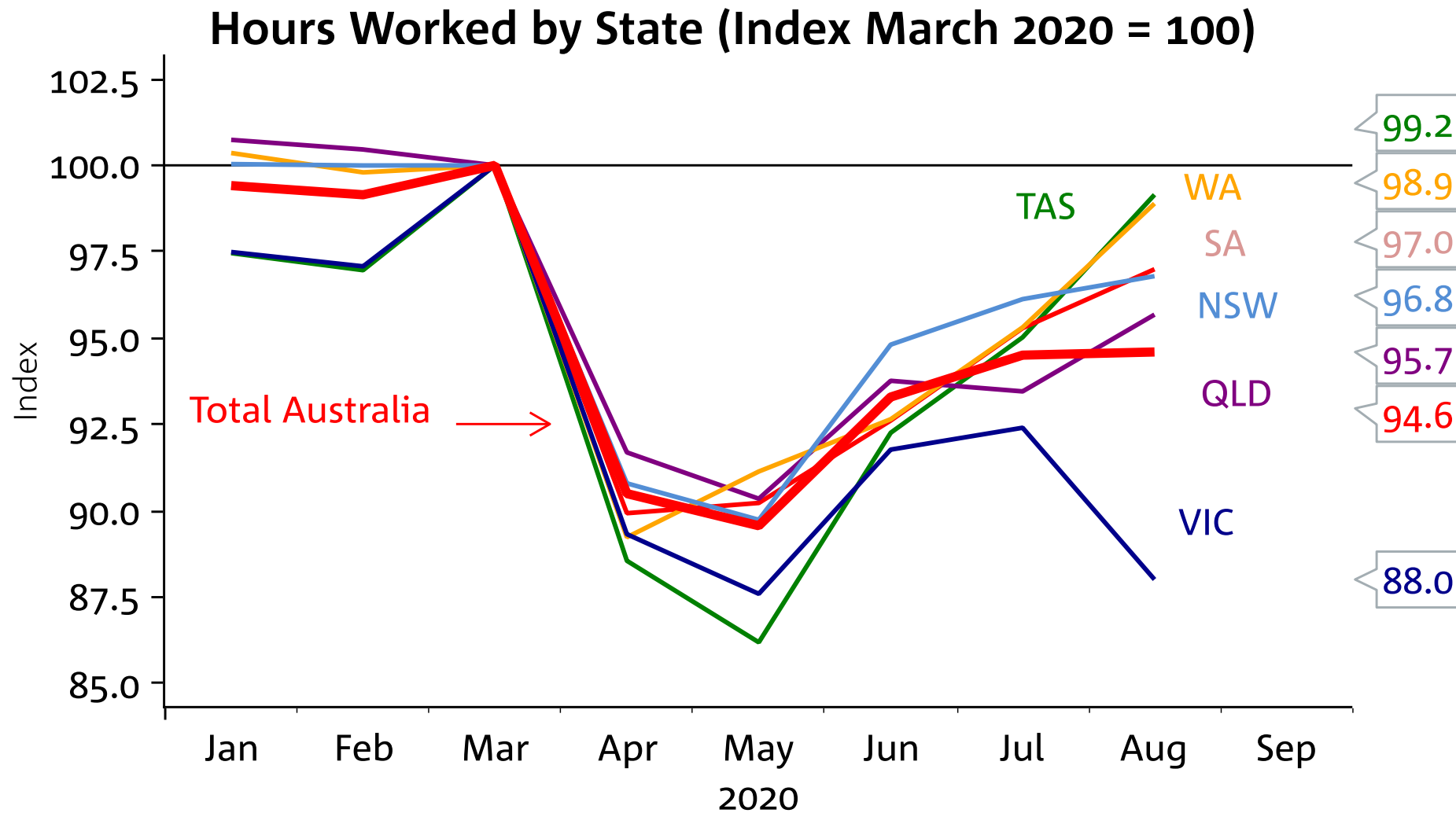
Source: National Australia Bank, ABS

HOURS WEAKNESS CONCENTRATED IN VICTORIA – Outside of Victoria hours worked are 3% below pre-COVID levels, compared to 12% in Victoria



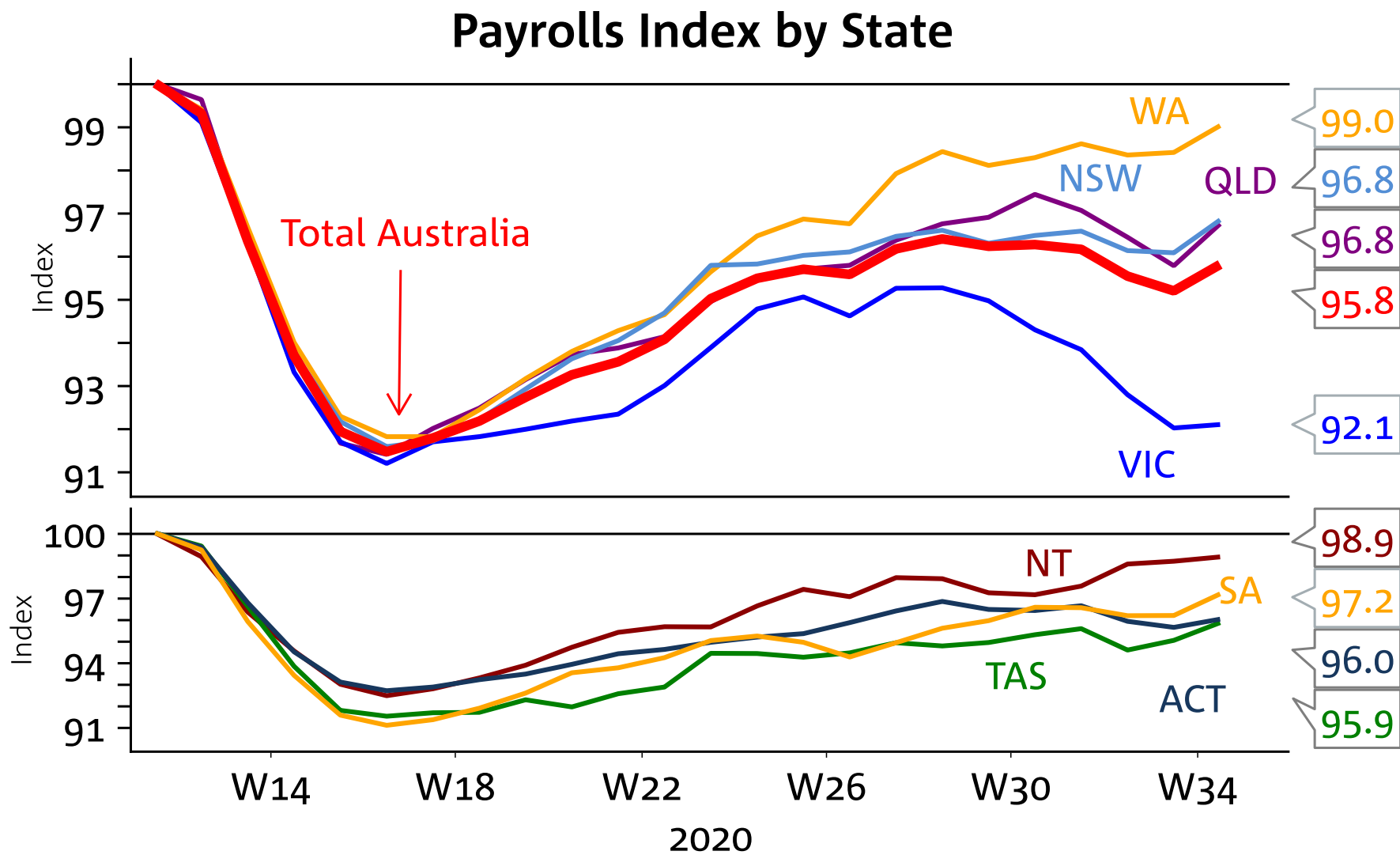
Source: National Australia Bank, ABS

WA AND TAS CLOSE TO PRE-COVID LEVELS OF HOURS WORKED! – most other states only 3-4% below pre-COVID levels.



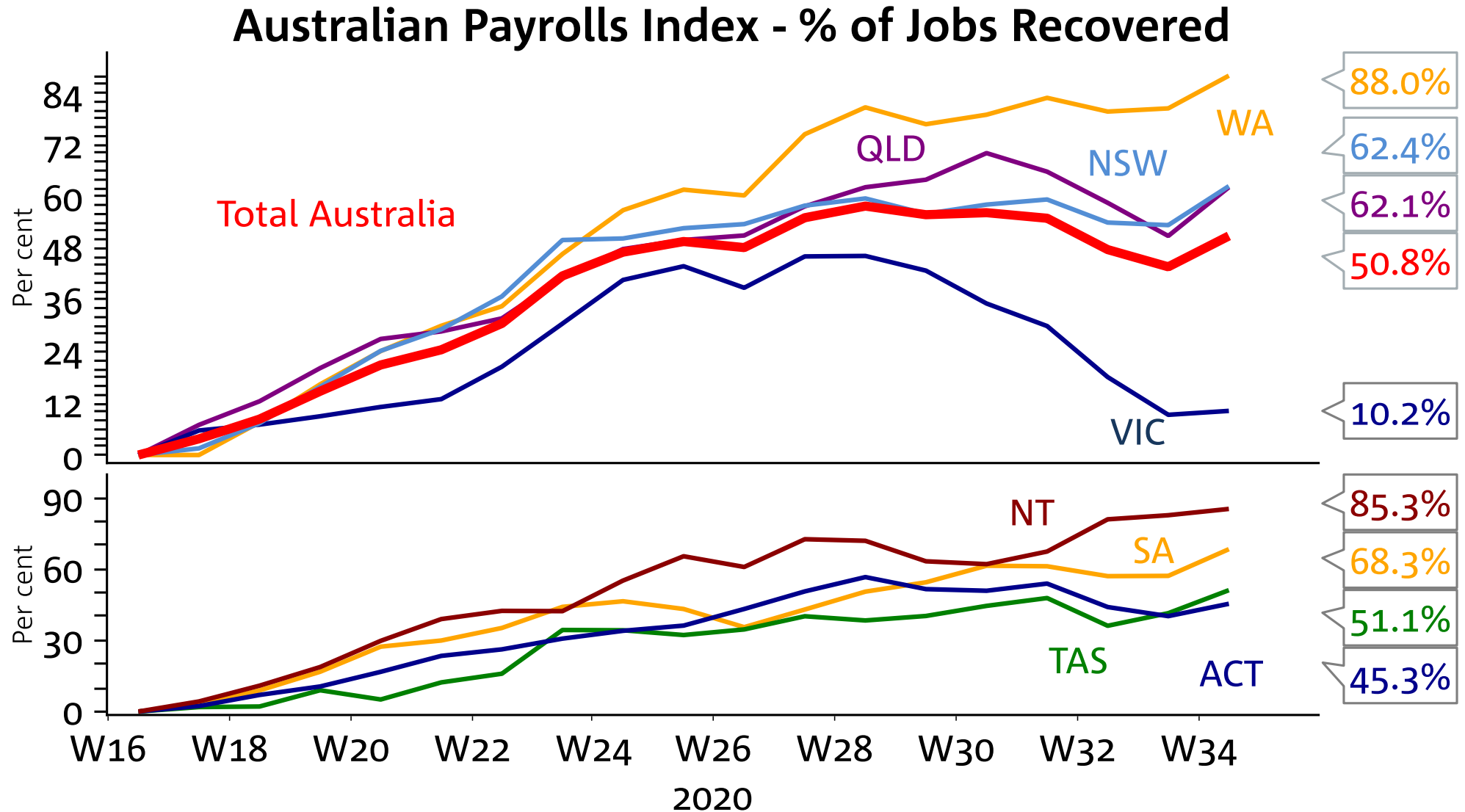
Source: National Australia Bank, ABS

HOURS WORKED TREND BROADLY ECHO PAYROLLS TRENDS BY STATE



Source: National Australia Bank, ABS

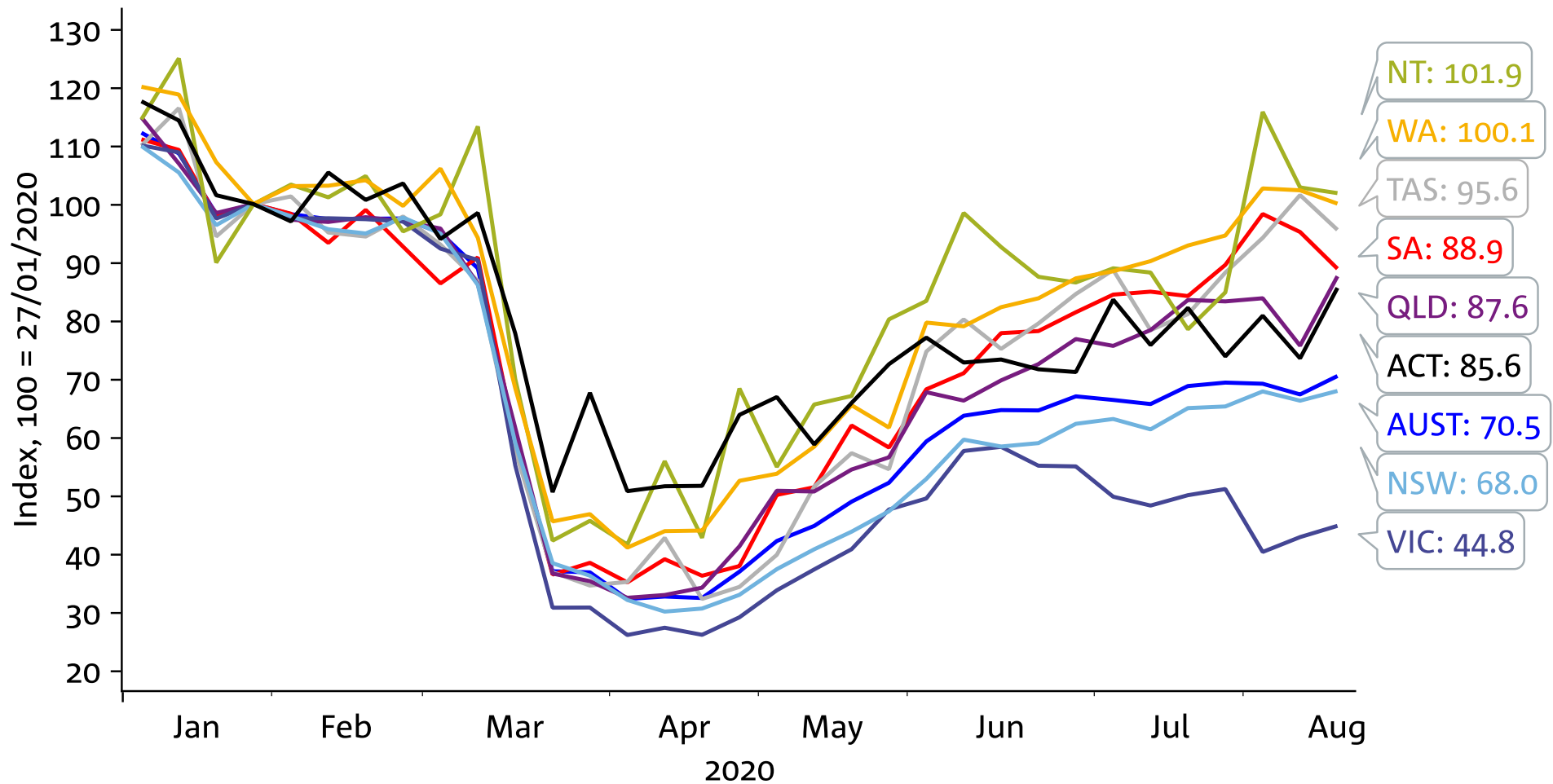
PAYROLLS HAVE 51% OF JOB LOSSES RECOVERED – Greatest recovery has occurred in WA (88%) and the NT (85%)



Source: National Australia Bank, ABS

JOB ADVERTISING HAS ALSO PICKED UP – *Job ads outside of the two largest states are back to – and in some cases – above pre-Covid levels!*

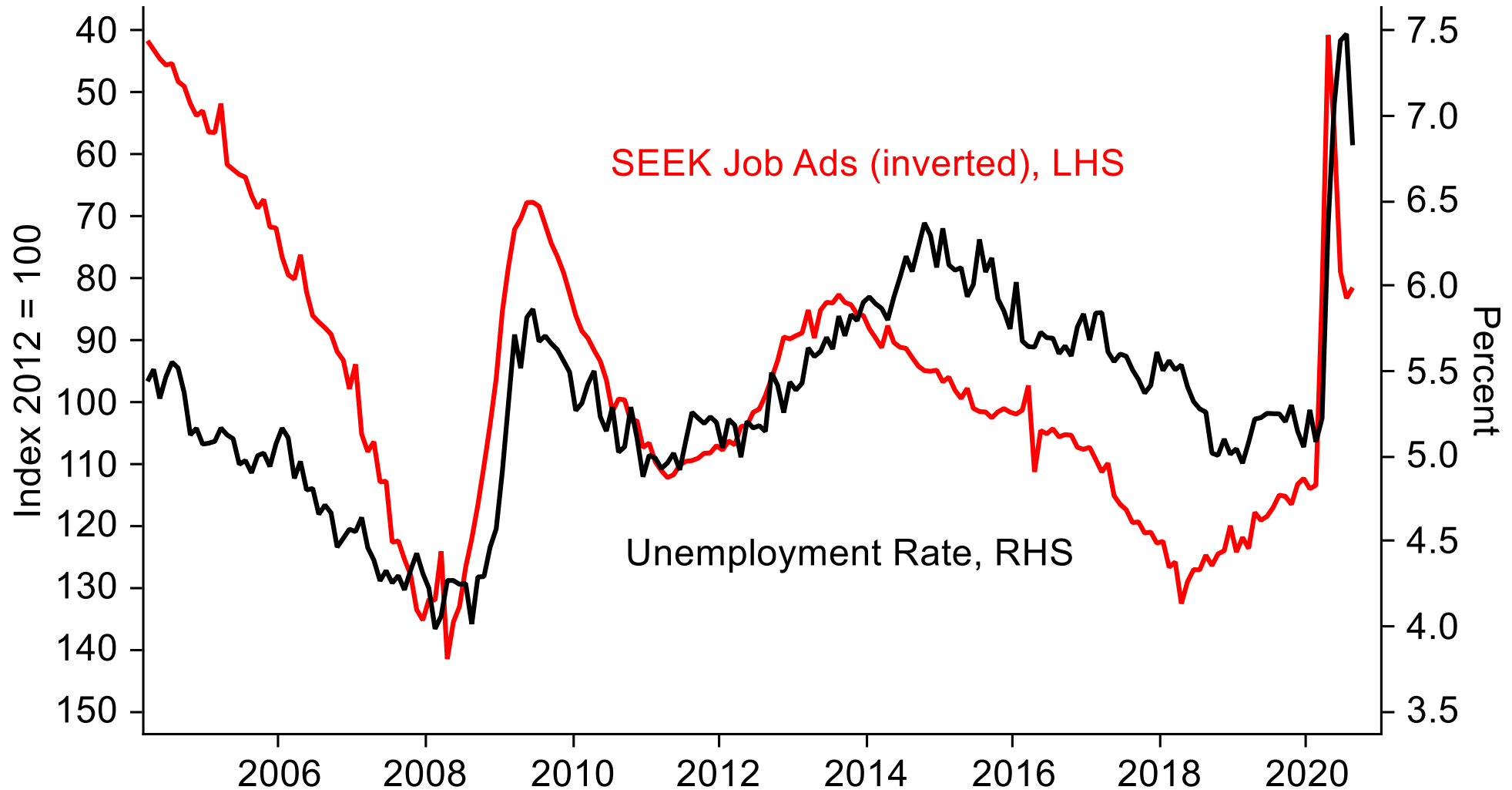
SEEK Job Ads



Source: National Australia Bank, SEEK

JOB ADS AND UNEMPLOYMENT - *Job ads tends to lead unemployment by two months with job ads bottoming in May*

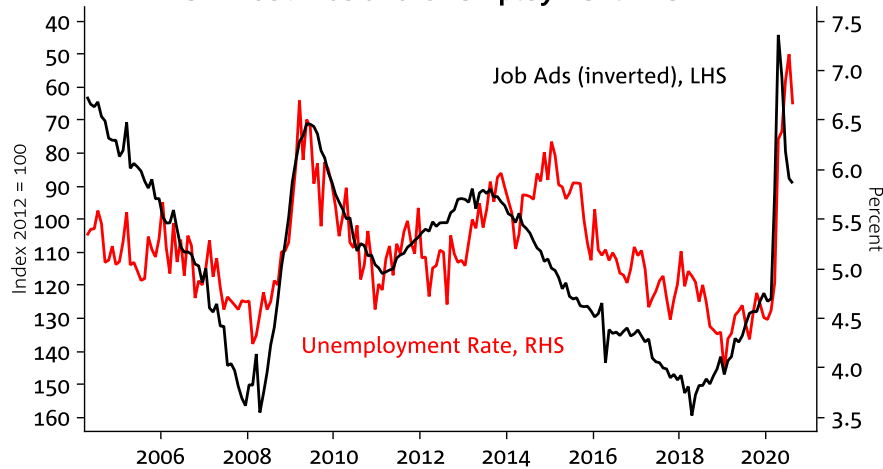
SEEK New Job Ads - Australia



Source: SEEK, National Australia Bank, ABS

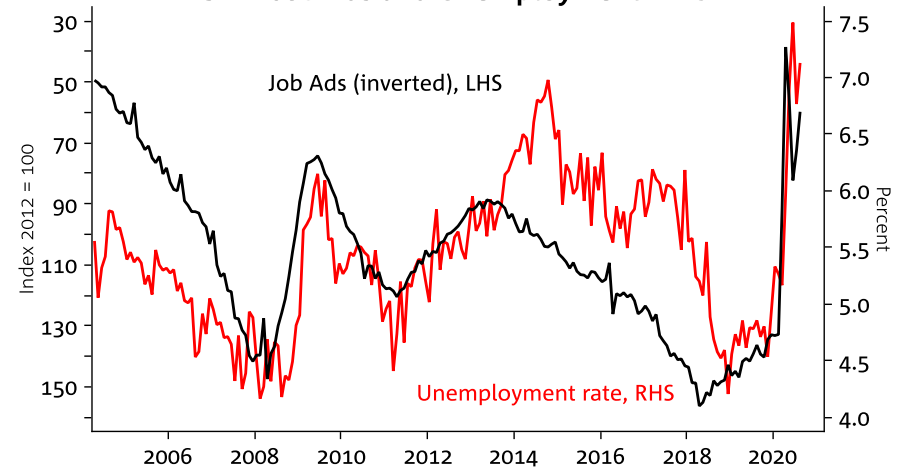
JOB ADS AND UNEMPLOYMENT BY STATE – *Job ads broadly tracked the recovery amongst the states*

SEEK Job Ads and Unemployment - NSW



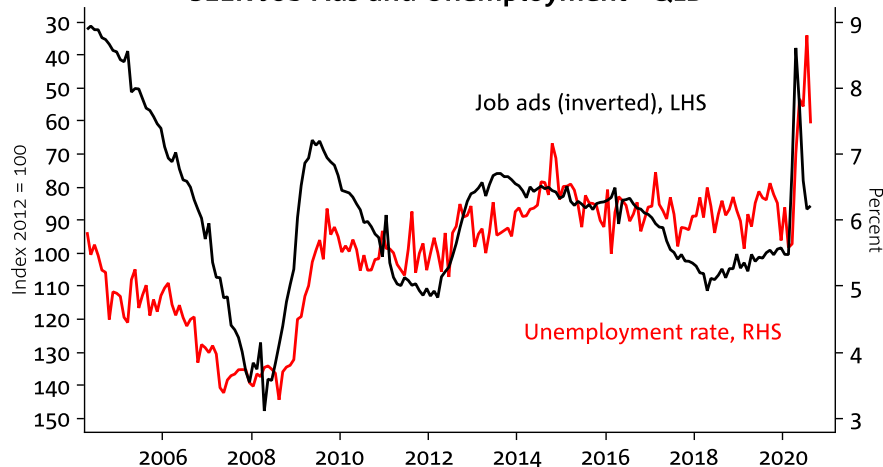
Source: SEEK, National Australia Bank, ABS

SEEK Job Ads and Unemployment - VIC



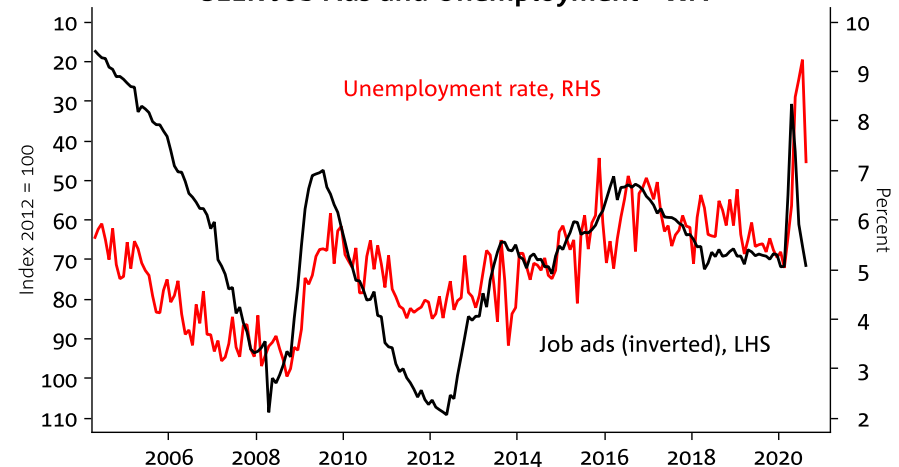
Source: SEEK, National Australia Bank, ABS

SEEK Job Ads and Unemployment - QLD



Source: SEEK, National Australia Bank, ABS

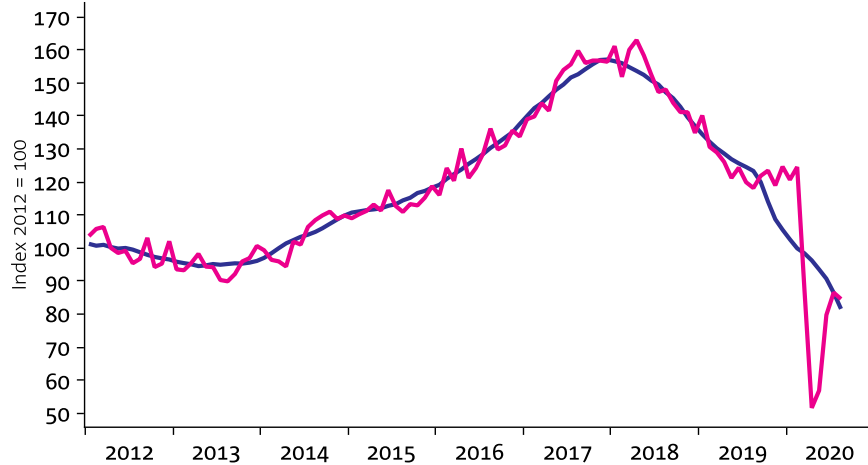
SEEK Job Ads and Unemployment - WA



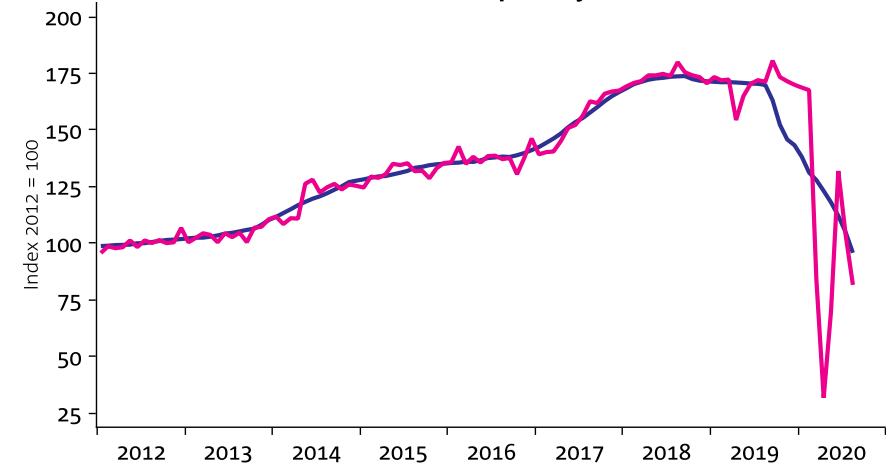
Source: SEEK, National Australia Bank, ABS

JOB ADS – INDUSTRY DIMENSIONS – *Watching construction closely given the apartment pipeline. Manufacturing and Healthcare have rebounded sharply*

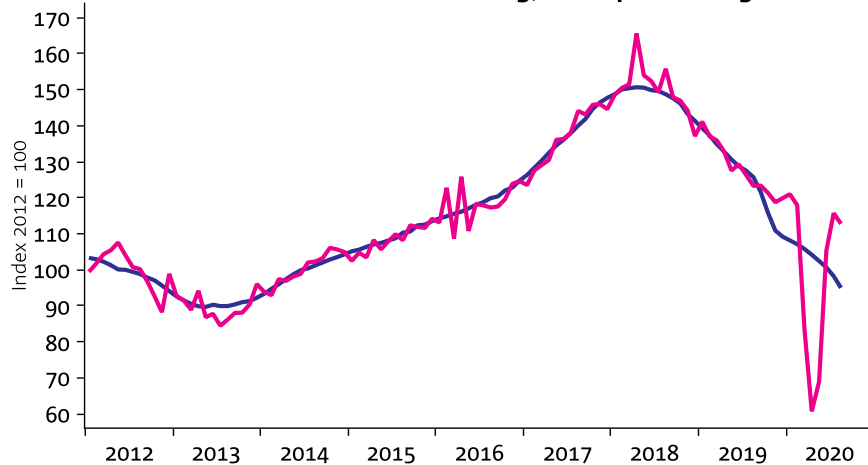
SEEK New Job Ads - Construction



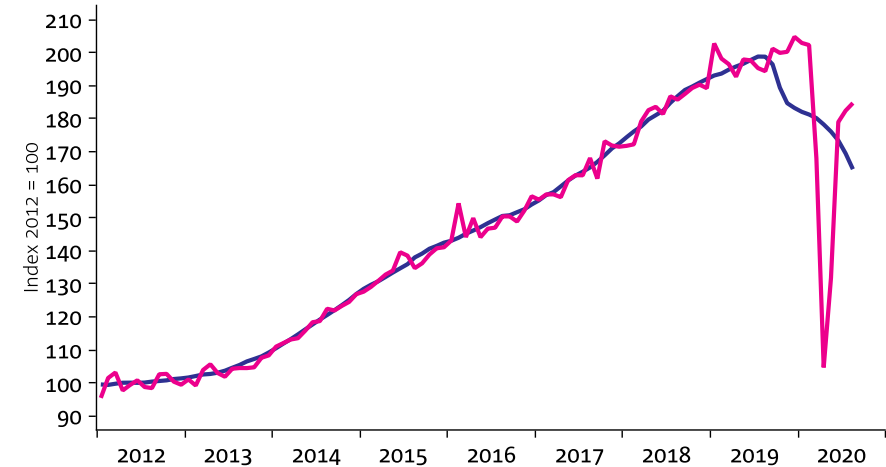
SEEK New Job Ads - Hospitality & Tourism



SEEK New Job Ads - Manufacturing, Transport & Logistics

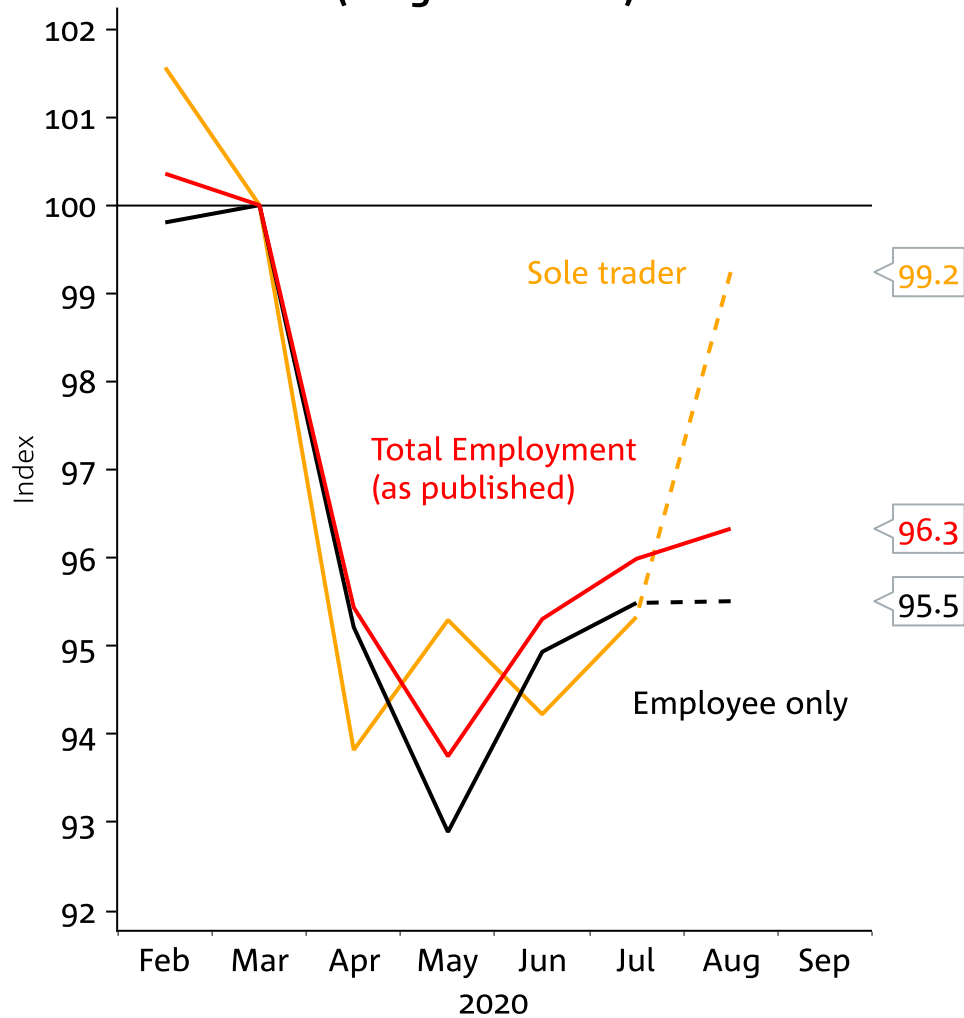


SEEK New Job Ads - Healthcare & Medical



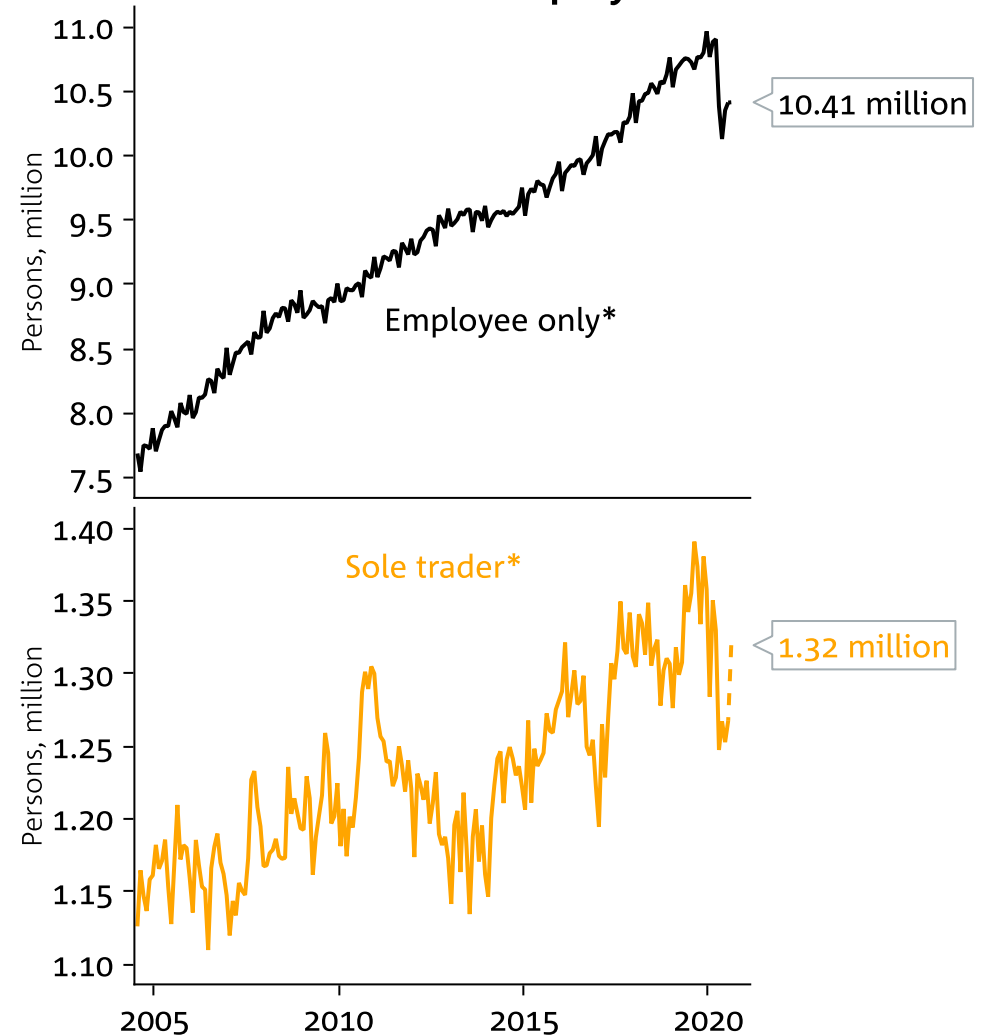
SOLE TRADERS DROVE A LOT OF THE STRENGTH IN EMPLOYMENT IN AUGUST

Employment Split into Sole Trader and Employees
(Original Terms)



Source: National Australia Bank, ABS

Sole Trader and Employee Levels

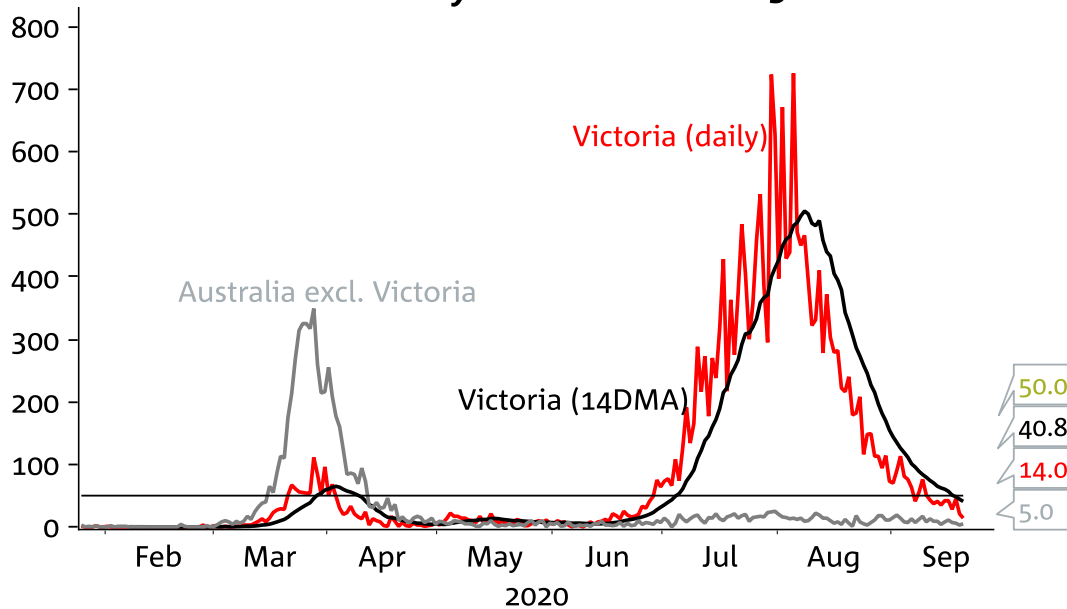


* In original terms

Source: National Australia Bank, ABS

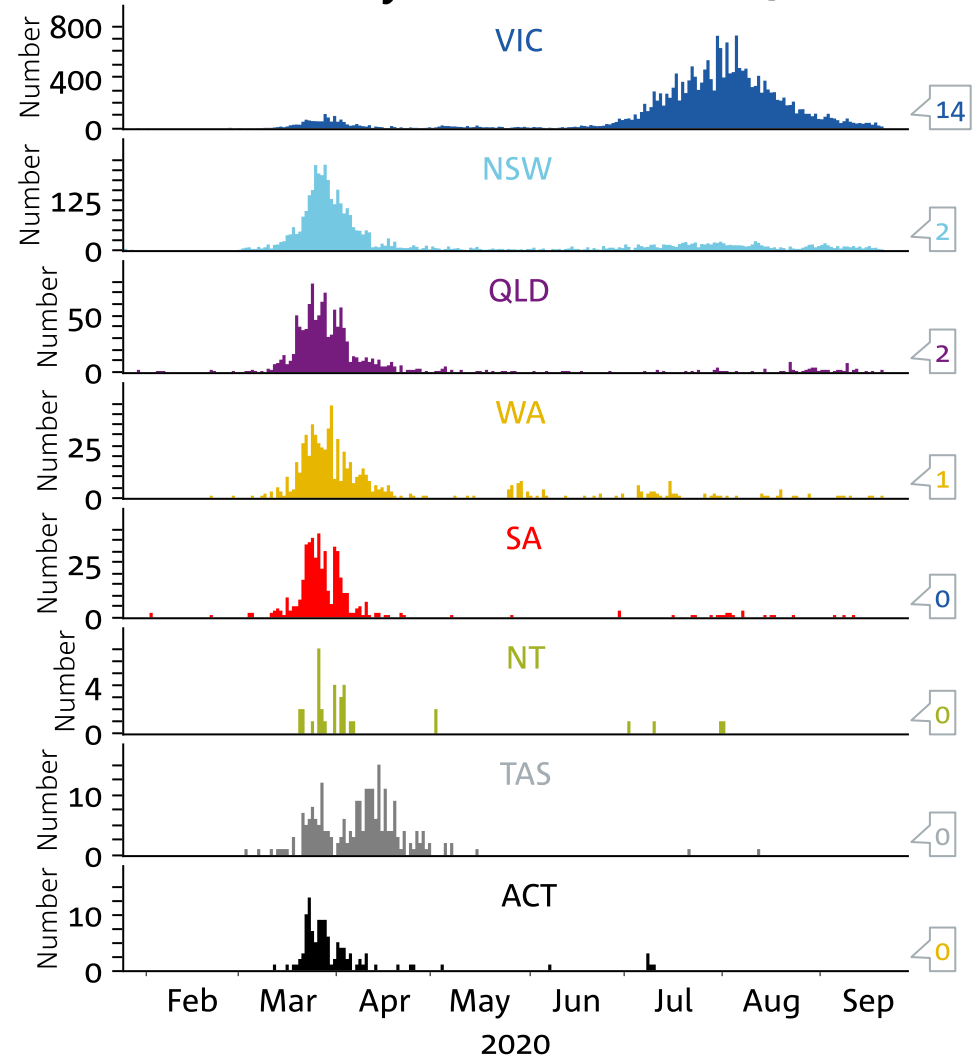
STATE OUTCOMES REFLECT CONTROL OF THE VIRUS – recovery in activity seen in all states bar Vic which is under lockdown. First Vic re-opening hurdle now met

New Daily Cases of COVID 19



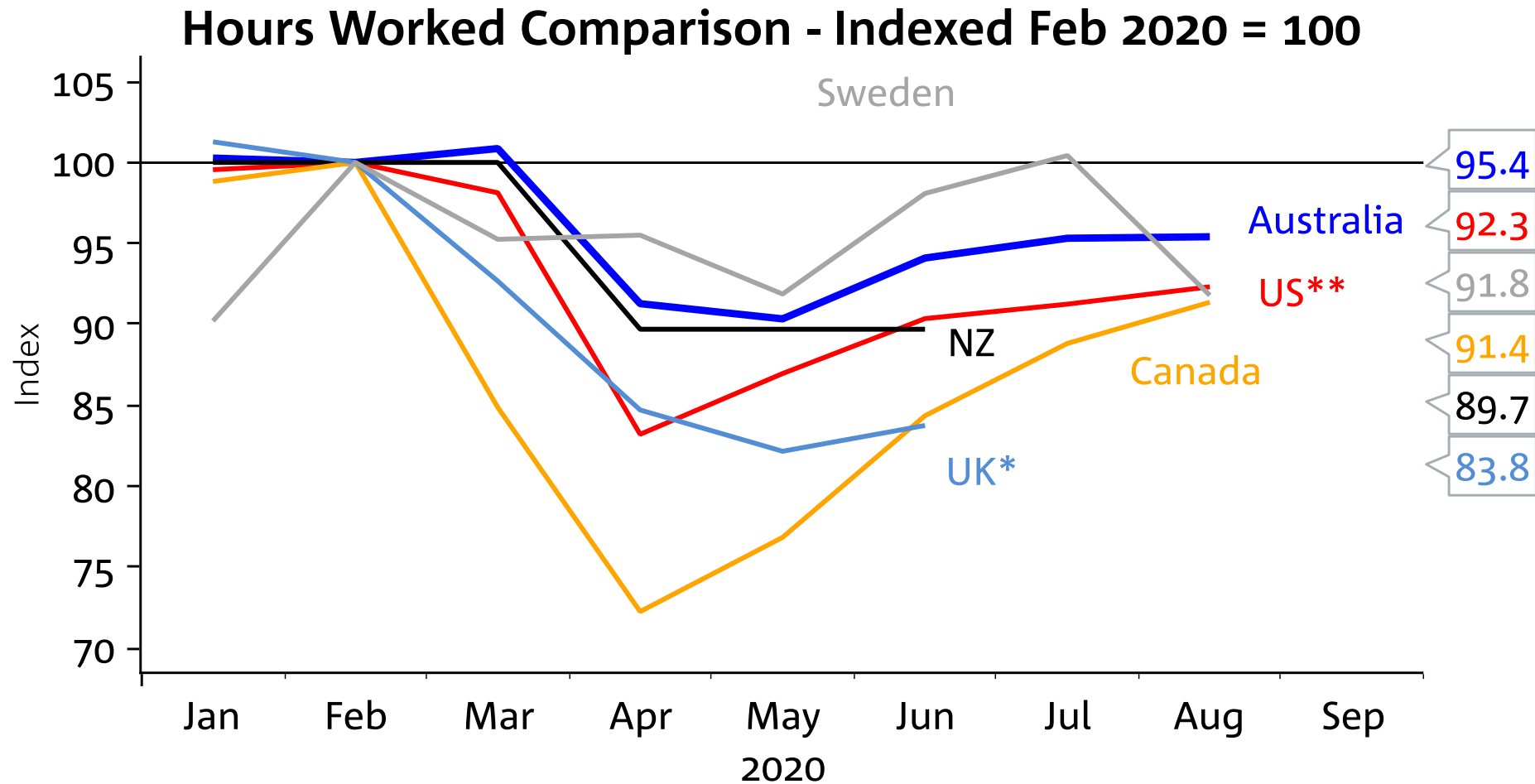
Source: National Australia Bank, government sources gathered by covid19data.com

New Daily Cases of COVID 19



Source: National Australia Bank, government sources gathered by covid19data.com

AUSTRALIA DOING RELATIVELY WELL IN TERMS OF THE RECOVERY IN HOURS WORKED

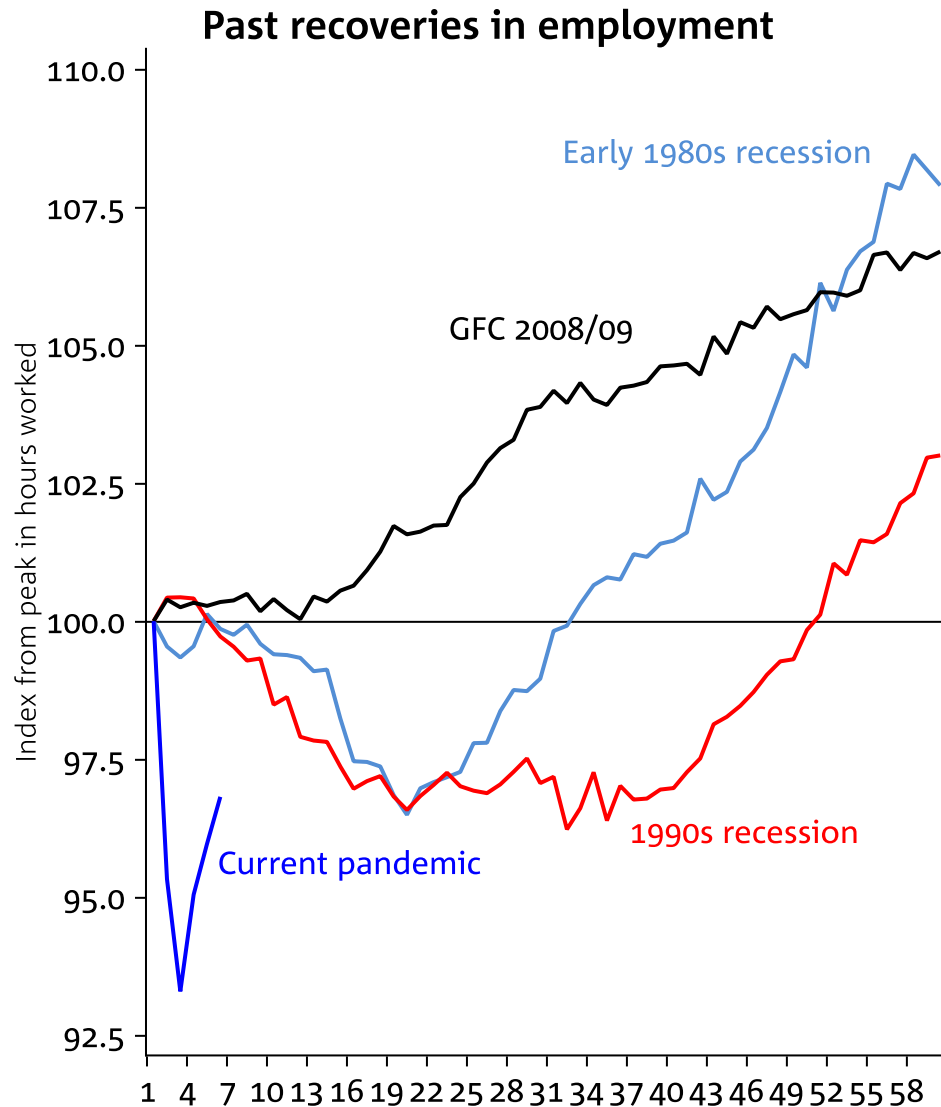


* UK data is published as a 3-month moving average

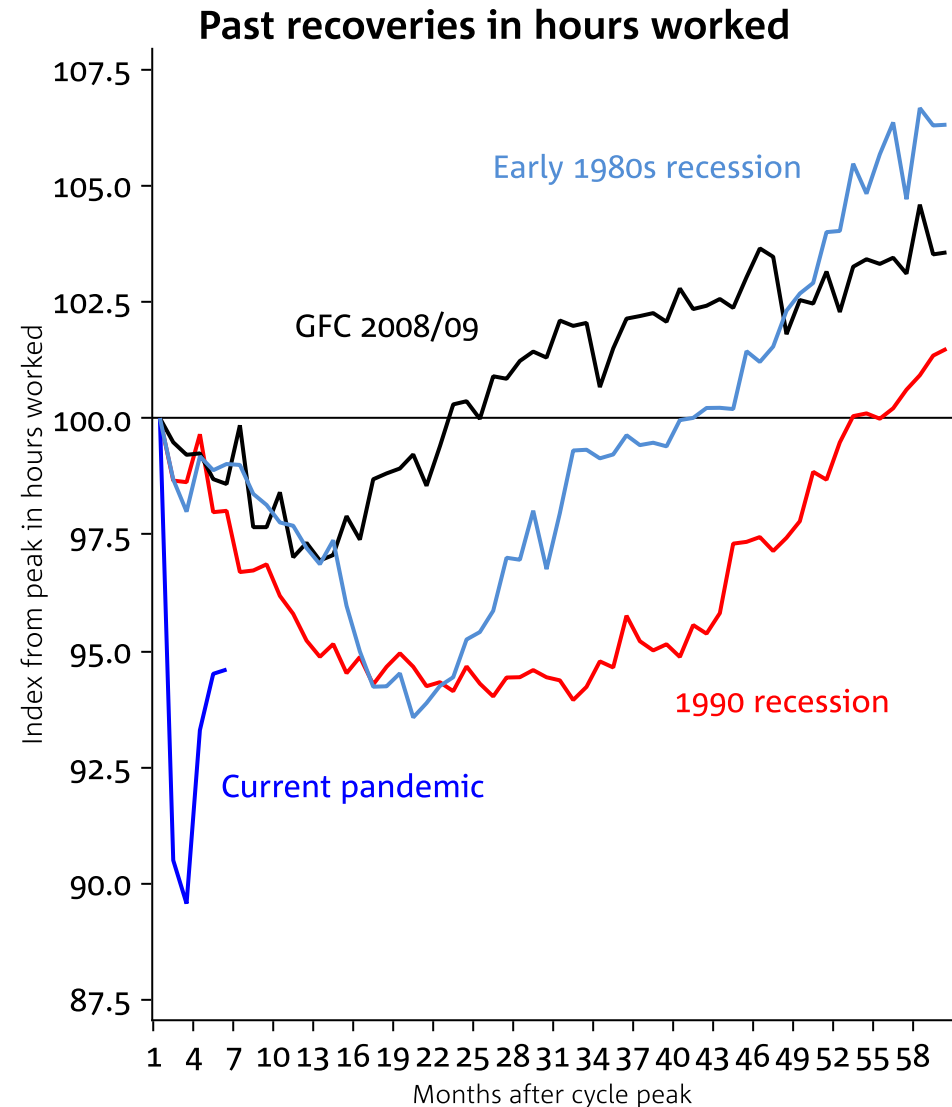
** US data is private payroll hours

Source: National Australia Bank, ABS, Macrobond

THE CHARTS HIGHLIGHT THE DIFFERENCE OF THIS SHOCK – SHARPER AND DEEPER DOWNTURN & SHARPER RECOVERY (ALL WITHOUT VICTORIAN RECOVERY).



Source: Macrobond



Source: National Australia Bank, ABS

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- Economic Trends
 - Australian Markets Weekly
 - Australian and Global Economic Forecasts
 - NAB Business Survey
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