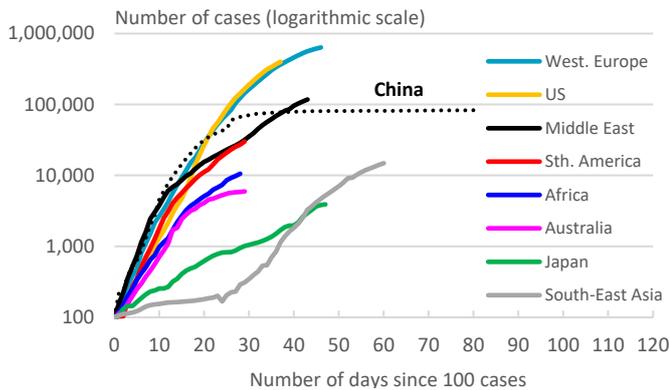


ASFA Economic Snapshot: week ending 9 April

This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Most countries are far from 'flattening the curve'



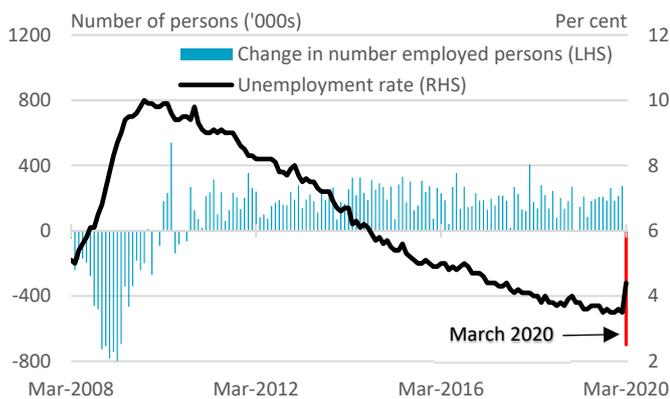
Restrictions on social interactions are slowing the spread of COVID-19 in advanced economies – though progress differs. In the UK and the US, growth in total cases is still high – at around 120% over the last 7 days. In contrast, total cases in Australia have almost flat-lined. Many developing countries are now reporting a rapid increase in cases, although the available data under-states actual growth rates.

Equity markets settle lower



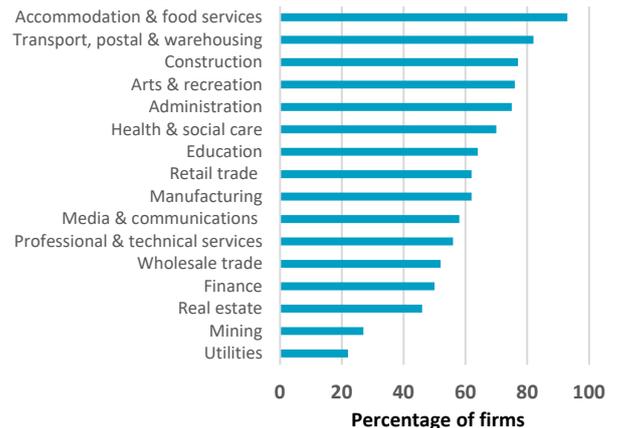
Government announcements of unprecedented policies to support business and individuals has brought some stability to global equity markets. However, major indexes are around 20% down for the year. This drop underscores market expectations of the potentially long-lasting impacts of the crisis on the real economy – that is, substantially lower levels of activity, incomes and employment.

The US labour market deteriorates



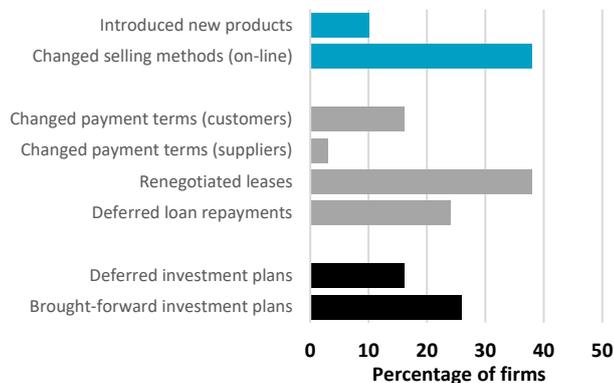
US employment decreased by 700,000 in March – the largest monthly fall since 2009. About two-thirds of this drop was in the hospitality sector. A further 1.4 million US workers had their hours reduced. The unemployment rate (which was at near-record lows), increased from 3.5 to 4.4% – the largest monthly rise since 1975. Other data for new claims for unemployment benefits suggest a further increase in April.

In Australia, most firms face weaker demand



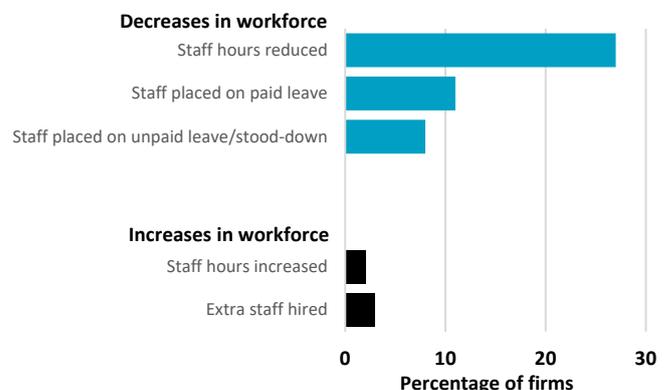
In Australia, government restrictions have had a dramatic impact on firms' operations. For the two weeks to 3 April, around 7% of firms ceased trading due to crisis-related conditions. Of the firms still trading, almost two-thirds reported weaker demand for their products and services from consumers and other businesses (chart above).

Australian firms have responded quickly...



In response to challenging business conditions, almost 40% of firms (that were still trading in the two weeks to 3 April) shifted some, or all, of their services on-line. Many firms were also able to make changes to their financial arrangements – including renegotiating rental leases and deferring loan repayments.

...and have tried to retain workers



Over 40% of firms decreased their workforce in the two weeks to 3 April. In general, firms tended to reduce staff hours rather than place staff on leave. Workforce decreases were most common for accommodation & food services (80% of firms). Workforce increases were most common in healthcare and food retailing (supermarkets).

Sources for each panel: (1) Our World in Data; (2) Google Finance; (3) the Federal Reserve Bank of St. Louis database; (4 to 6) the Australian Bureau of Statistics, Business Indicators: Business Impacts of COVID-19, ABS Cat. no. 5676.0.55.003.