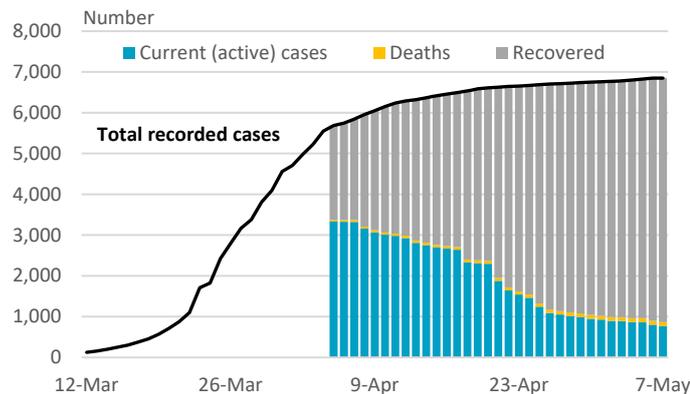


# ASFA Economic Snapshot: week ending 8 May

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.

## Active virus cases continue to fall



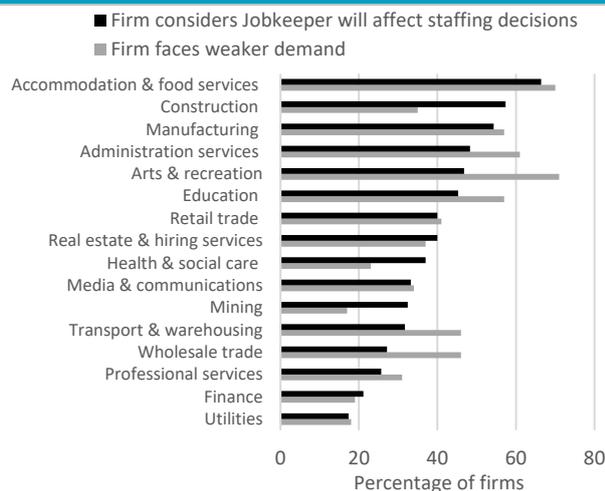
In Australia, the number of infected people continues to decline – by about 25 per day during the past week. As at 7 May the number of active cases was 764, which is about a quarter of the figure of one month ago. The number of people hospitalised decreased to 58 (around 8% of active cases), with only 23 receiving intensive care.

## Firms expect conditions to stay weak, but not worsen



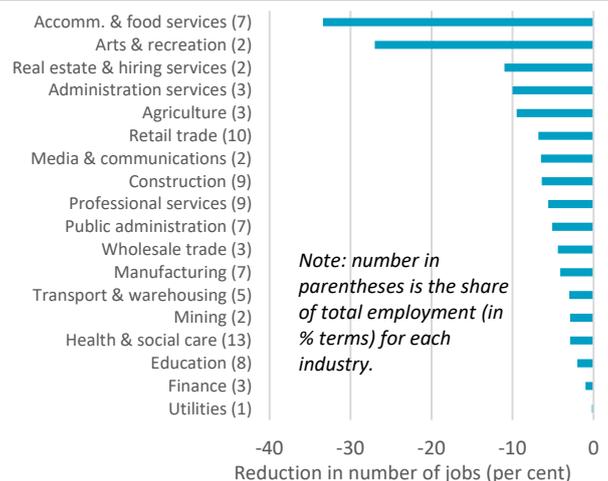
In late April, the ABS surveyed firms on how they expect to be affected by the crisis over the next two months. About 70% of firms expect to be adversely affected by reduced demand/cash flows. These figures are unchanged from a month ago – which suggests that (on average) business considers the impacts of the crisis may have bottomed-out.

## JobKeeper is working to limit job losses ...



The industries that have been most affected by the crisis (due to reduced demand) are also the industries where it appears the Government's JobKeeper scheme will have the largest influence on decisions to keep staff. While large job losses have occurred (next panel), this chart suggests that the scheme is limiting losses.

## ... nonetheless job losses are large in some sectors



Payroll data reveals that the total number of jobs fell by 7.5% over the 5 weeks to 18 April, which equates to almost one million people. Almost 40% of the losses were in two sectors – Accommodation & food services, and Arts and recreation. These falls will not translate one-for-one to unemployment since they include workers on unpaid leave.

## Australia's trade balance hits an all-time high ...



The value of goods exports rose by 22% in March, driven by a rebound in iron ore volumes to China. This rise more than offset the 9% fall in services exports – largely due to a drop in foreign tourism. Similarly, a decline in overseas travel by Australians drove a 4% fall in imports. Together, these changes led to a sharp rise in the trade surplus.

## ... but tourism exports (and imports) will fall more



The international travel bans put in place in Australia (and elsewhere) led to big drops in in-bound and out-bound tourist numbers in March, and associated tourist spending (reflected in exports and imports respectively). Australia's travel bans came into effect in late March, so the full impact on trade outcomes will be in the next ABS trade release.

Sources for each panel: (1) <https://www.covid19data.com.au/>; (2 & 3) ABS, *Business Impacts of COVID-19*, April 2020; (4) ABS, *Weekly Payroll Jobs and Wages*, week ending 18 April 2020; (5 & 6) ABS, *International Trade in Goods and Services*, March 2020.