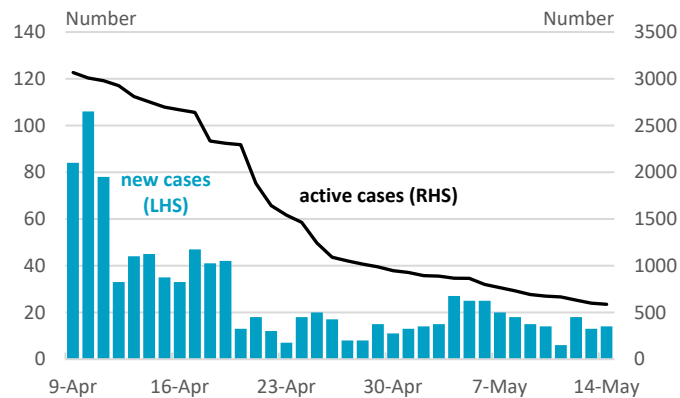


ASFA Economic Snapshot: week ending 15 May

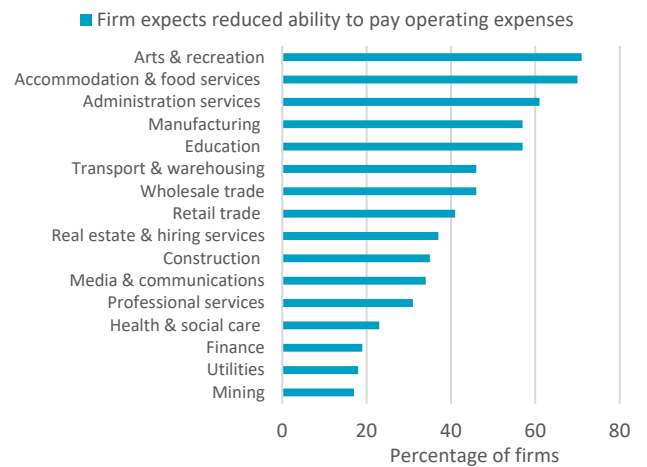
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Governments are easing social restrictions



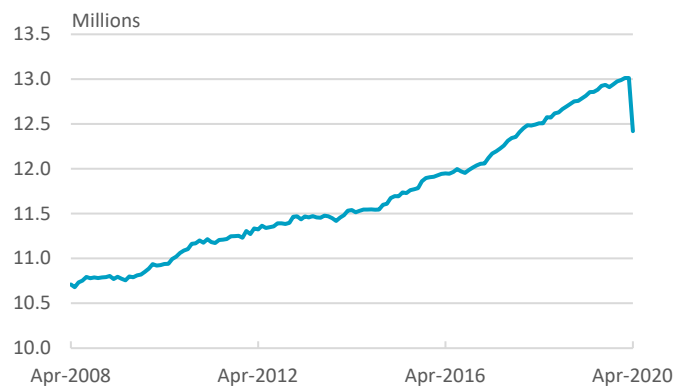
The number of infected people continues to fall – by about 25 per day during the past week. This downward trend reflects the fact that recoveries from the virus have continued to exceed new cases (by about 45 per day since 23 April). These developments have provided governments with the confidence to reassess social restrictions.

Business conditions will improve, but slowly



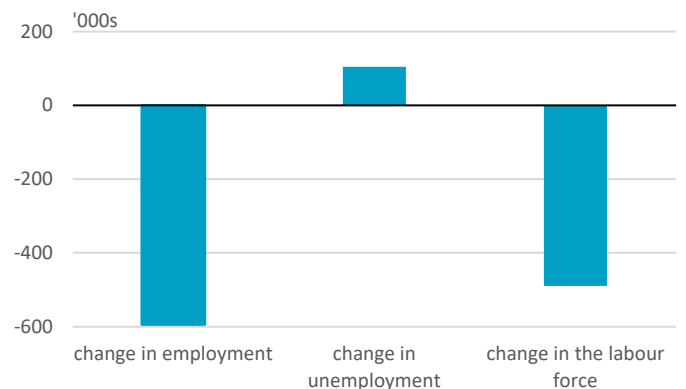
Restrictions will be eased, but slowly. As such, many firms still expect to have reduced ability to pay expenses in May and June. This will translate into lower employment – which has already fallen sharply.

Employment suffers its largest ever monthly fall ...



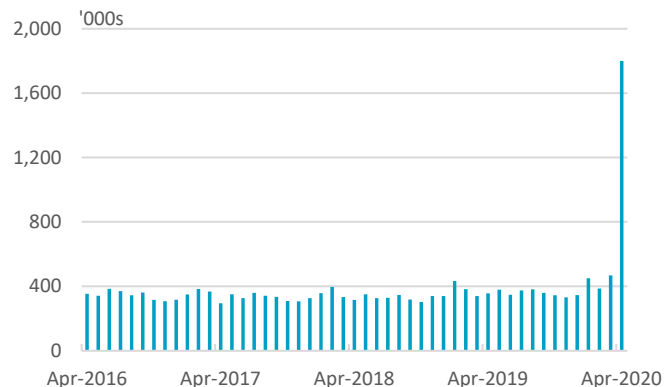
The ABS Labour Force Survey for April shows that the total number of employed people fell by 590,000 (or 4.6%) in the month. Around 900,000 people lost their job during April, while around 300,000 became employed. A further decline in total employment is expected in May. However, the Government's JobKeeper scheme is providing incentives for firms to retain workers and should help limit job losses.

...but this is not reflected in the unemployment rate



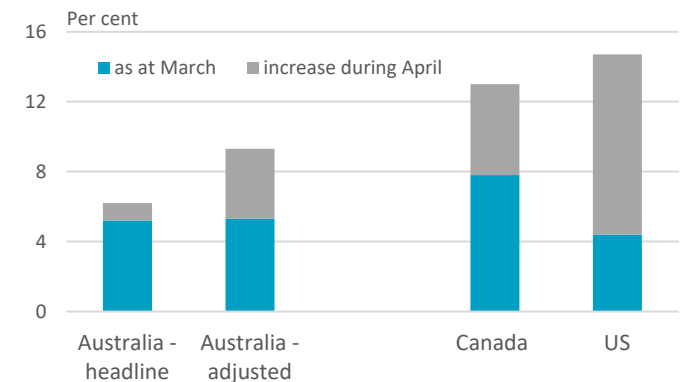
While employment fell by 590,000, the number of unemployed people increased by 100,000. This is because only people who are currently looking for work are counted as unemployed. People who lose their job, but are not looking for work, drop out of the labour force (which fell by 490,000 in April). As a result, the headline unemployment rate increased from 5.2% to 6.2%, rather than to 9.6%.

Almost 2 million people are working reduced hours



Of the people who remained employed in April, around 1.8 million worked less hours than usual – which is an increase of around 1.4 million on normal levels. Of those, around 500,000 did not work at all (but were still retained by their employer). Together with the drop in employment (see above panels), at least 2 million people were affected by either job loss or reduced hours in April.

However, Australia is faring better than others



Australia's headline unemployment rate is not directly comparable to rates for some other economies – in particular, the US and Canada. Unlike Australia, both countries count people who have been stood-down temporarily as unemployed. An adjusted (and comparable) rate for Australia shows that unemployment increased from 5.3% to 9.3% in April. In the US, the unemployment rate increased to 15%.