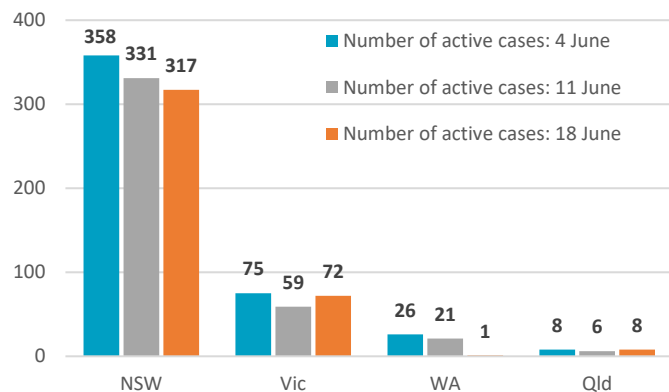


ASFA Economic Snapshot: week ending 19 June

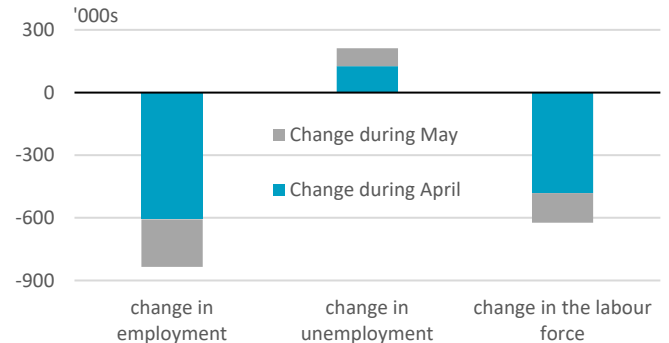
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Active cases increase in Victoria



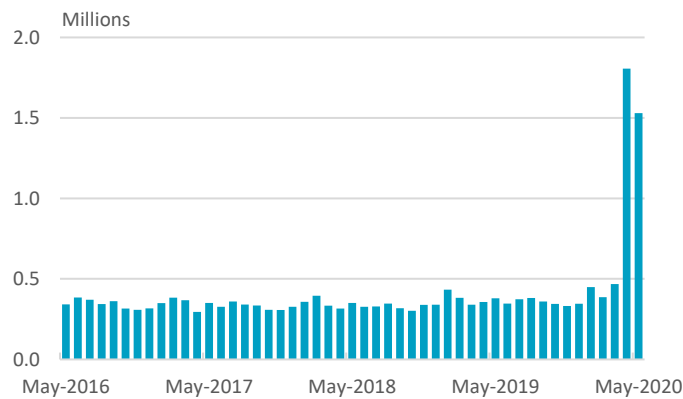
Nationally, the number of active cases fell by 24 in the past week – there were 110 new cases, but 134 recoveries. Victoria recorded a spike in new cases during the week (81), which exceeded the number of recoveries. There are no active cases in SA, Tasmania, the NT or ACT.

Total employment now down by 800,000 ...



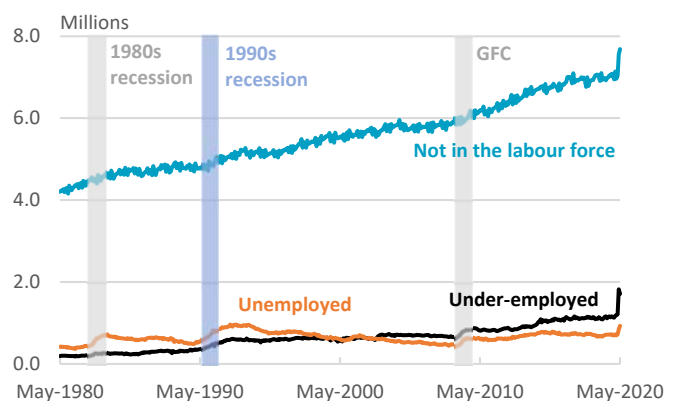
The number of employed people fell by 230,000 in May, following a decrease of 610,000 in April. However, the number of unemployed has risen by (a far fewer) 210,000 during the two months. This is because only people who are looking for work are counted as unemployed. People who lose their jobs, but are not looking for work, drop out of the labour force – which has decreased by 620,000 since March.

... with more people working reduced hours ...



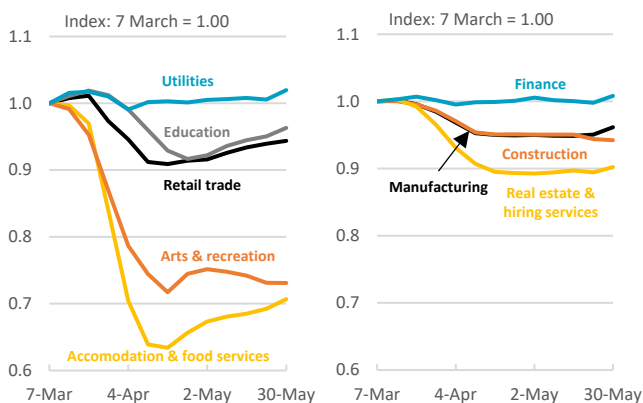
Of the people who remained employed in May, around 1.5 million worked less hours than usual. This is about 1.1 million above pre-crisis levels. While the May outcome is an improvement on April, it is likely that some workers who previously worked reduced hours (in April) lost their job in May (see top-right panel). Of the estimated 1.1 million people who worked reduced hours in May due to COVID, as many as 350,000 did not work at all (but were still retained by their employer).

... overall 2 million workers affected by COVID



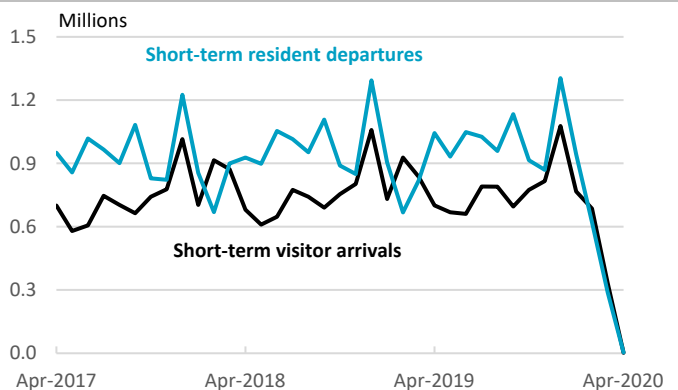
Together, affected workers who have either lost their job (reflected in the unemployed, and people not in the labour force), or who are working reduced hours (reflected in the under-employed) total around 2 million since March. This chart also shows that, compared with previous shocks, the labour market impacts of the current crisis are particularly severe – although Jobkeeper has worked to incentivise employers to retain workers (on reduced hours) rather than shed staff.

Labour market conditions are bottoming-out ...



Indexes for the number of jobs (for selected sectors) suggest that labour market conditions have stabilised. With restrictions easing, employment in some sectors hit hardest by the crisis is rising (e.g. cafes). That said, significant challenges remain for a broader recovery. For construction, the pre-crisis pipeline of work is fast diminishing. For foreigner-focused tourism and education the outlook looks bleak.

... but some sectors face significant challenges



ABS data confirms that the effective ban on foreign visitors to Australia has cut in-bound tourism to (effectively) zero. Australia's restrictions will be lifted slowly – and nation-by-nation – so the severe impacts on the tourism sector will be long lasting. That said, restrictions on overseas travel by Australians (which have led to a similar drop in out-bound tourism) means that Australians will have to holiday locally.