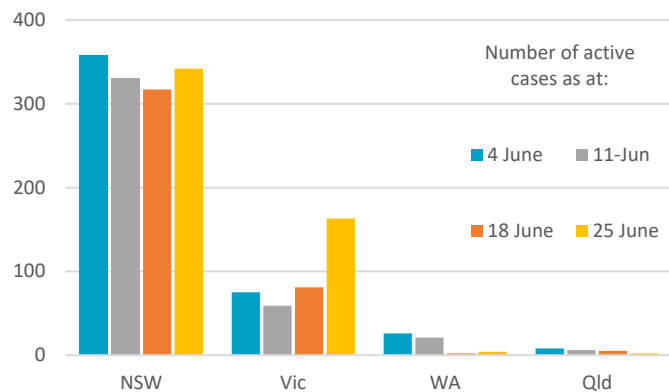


ASFA Economic Snapshot: week ending 26 June

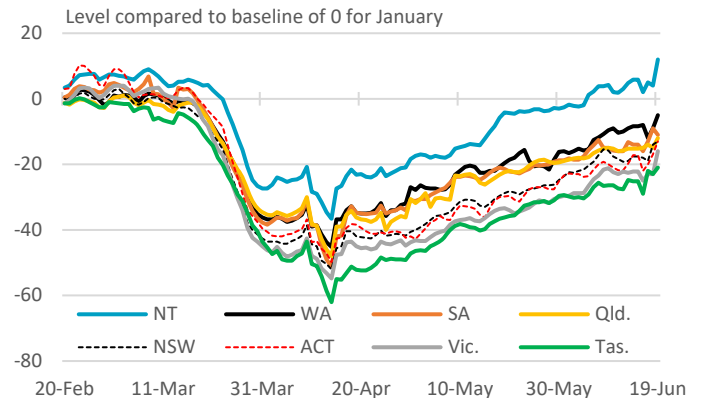
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Active cases increase in Victoria, again ...



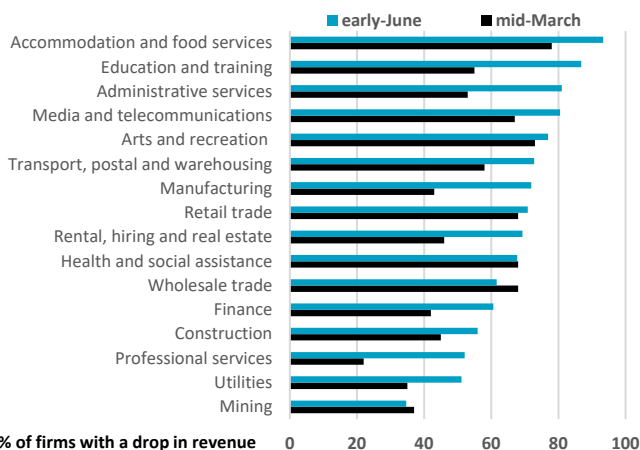
In Victoria, concern increased this week that a second wave of cases is emerging. For the week ending 25 June, 143 new cases were recorded. This is the largest number of (weekly) new cases since early-April, and follows 81 new cases in the previous week. With only 61 recoveries this week, the number of active cases in Victoria rose to 163. The other states that recorded new cases this week were NSW (30) and WA (3).

... which will affect consumer activity



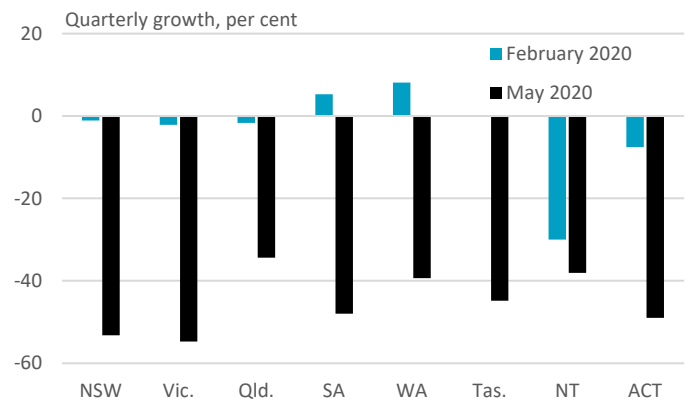
This chart shows an aggregated metric for the number of visits/amount of time stayed at retail and recreational facilities compared to January 2020 (derived from Google data). While activity is recovering generally, south-east Australia lags the rest of the country. Given the spike in cases in Victoria, it's likely that the wedge in activity will widen – with implications for economic outcomes.

Most firms record a drop in revenue ...



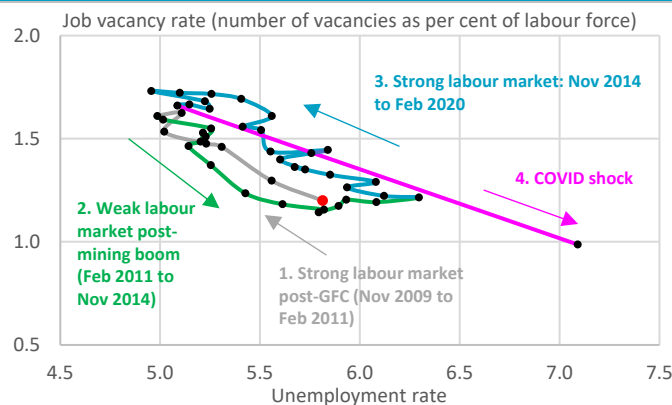
In mid-June about 70% of firms reported lower revenue due to COVID. This is greater than in mid-March, particularly for firms in sectors that did not feel the full brunt of the initial shock – such as manufacturing.

... and firms' vacancies for additional workers drops



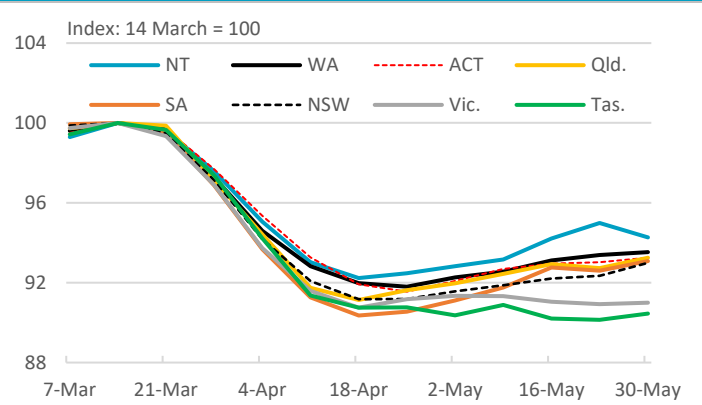
As noted last week, the crisis has led to a sharp deterioration in labour market conditions. New ABS data for job vacancies show that total vacancies fell by 43% in May. This decline is far larger than the previous record fall of 27% (during the 1990s recession). For the current crisis, the sharpest declines were recorded in the south-east of the country.

The labour market shock in context ...



This chart shows the 4 most recent phases of the labour market. Starting at the end of the GFC (the red dot), successive dots show the vacancy/unemployment rate combination for each quarter. Over time, a weak labour market exhibits a declining vacancy rate, as firms demand less labour, and a rising unemployment rate (vice-versa for a strong labour market). The shock due to the COVID crisis is stark.

... with weakness pronounced in Victoria



The total number of jobs (in Australia) is down by 9% since mid-March, however for most states/territories job losses have (at least) stabilised. The exceptions are Victoria and Tasmania. Compared with other jurisdictions, conditions are already lagging. And for Victoria in particular, this is likely to be exacerbated given the recent spike in cases and the likely effects on confidence and economic activity.

Sources for each panel: (1) <https://www.covid19data.com.au/>; (2) Google LLC, *Google COVID 19 Community Mobility Reports*; (3) ABS, *Business Indicators – Business Impacts of COVID-19*, June (4) ABS, *Job Vacancies*, May; (5) ABS, *Job Vacancies*, May & ABS, *Labour Force*, May; (6) ABS, *Weekly Payroll Jobs*, 30 May.