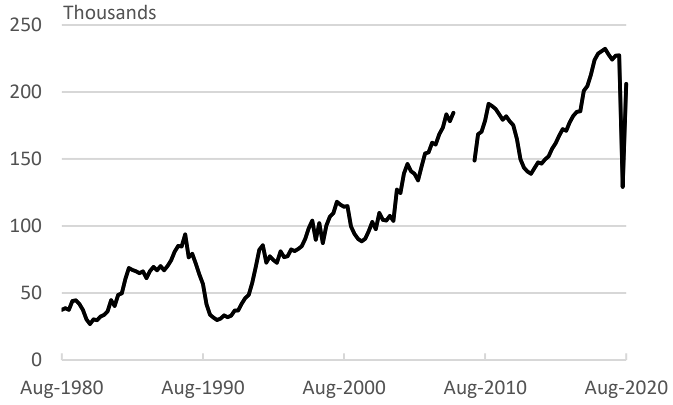
# ASFA Economic Snapshot: week ending 2 October

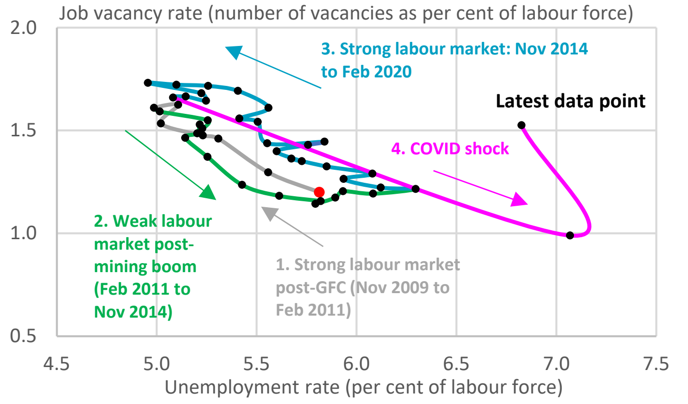
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## Labour market conditions improve ...



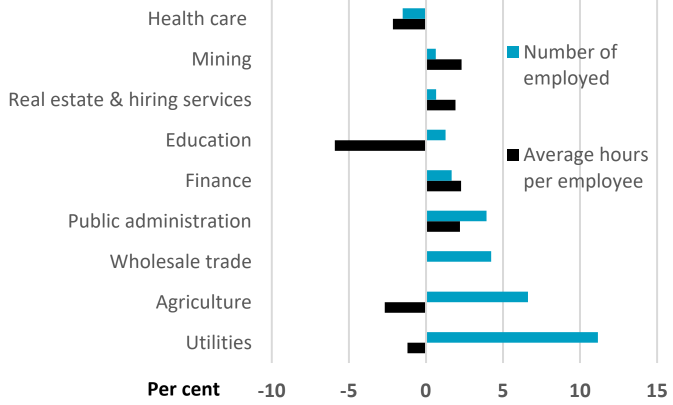

The number of job vacancies rose in August following a record fall in May (note: this series was suspended during the GFC, which accounts for the data break). The increase in vacancies indicates rising demand for labour (from firms). However, the number of vacancies in August was still about 10% lower than prior to the COVID crisis. Also, the rise in vacancies needs to be considered along with other data (Panel 2).

## ... but recovery will take time



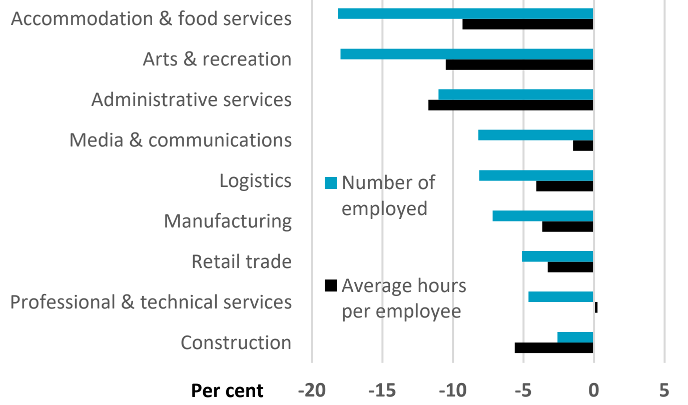

This chart shows the 4 most recent phases of the labour market. Starting at the end of the GFC (red dot), successive dots show the vacancy/unemployment rate combination for each quarter. Over time, a deteriorating market exhibits a falling vacancy rate, as firms demand less labour, and a rising unemployment rate (vice-versa for an improving market). The market remains far from its pre-crisis state.

## Some industries have weathered the crisis ...



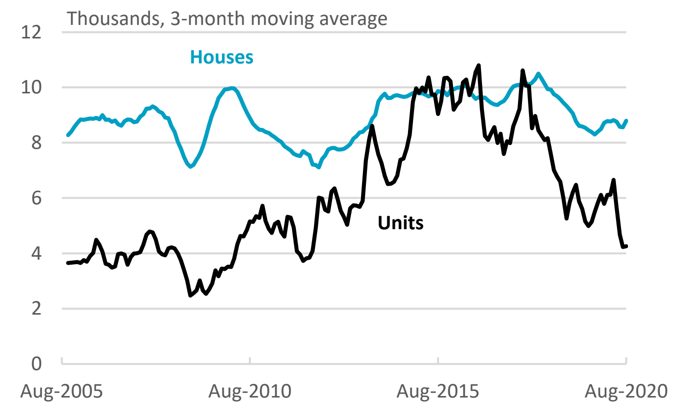

This pair of charts shows new industry-level data for the change in the number of employed people and the change in average hours worked (by the employed) from February to August. The data incorporates both private and public sector workers. For just less than half of all sectors, conditions are now (at least) no worse than prior to the crisis.

## ... while many others have not



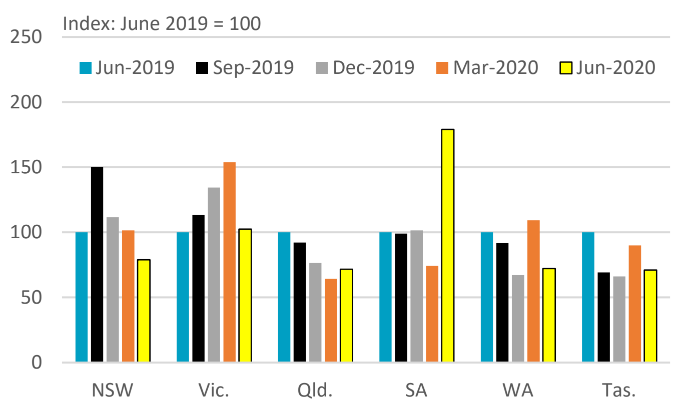

The charts also show that the impacts of the crisis are concentrated in around half of Australian industry – where substantial deficits still exist for the number of employed people and average hours worked. While labour market conditions are generally improving, leading indicators suggest deteriorating conditions in some industries (Panels 5 and 6).

## Weakness ahead for residential construction ...




This chart shows the *number* of new monthly approvals for dwelling construction. Approvals for units were already falling prior to crisis (due to a glut of new developments in some major capital cities). The sharp drop in approvals since the onset of the crisis suggests additional weakness in construction activity in the coming quarters.

## ... and non-residential construction




This chart shows the *value* of new approvals for the construction of non-residential buildings (as indexes). In each major state (except SA) the value of new approvals in the June quarter 2020 (yellow bars) is well-down from recent quarters. This suggests weakness in construction activity ahead, and weaker employment outcomes.

Sources for each panel: (1) ABS, *Job Vacancies*, August; (2) ABS, *Job Vacancies*, August and ABS, *Labour Force*, August; (3 & 4) ABS, *Labour Force (detailed)*, August; (5 to 6) ABS, *Building Approvals*, August.