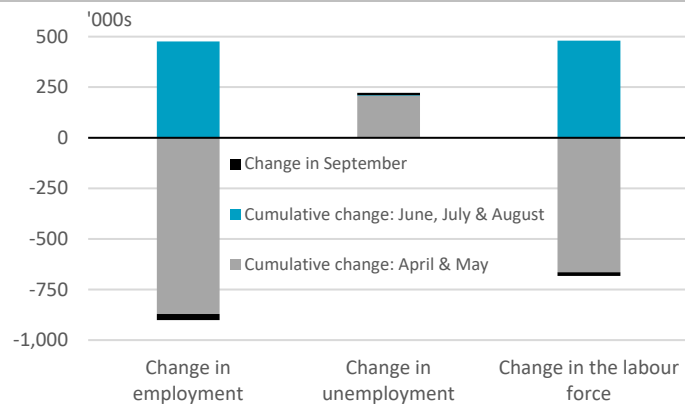


ASFA Economic Snapshot: week ending 16 October

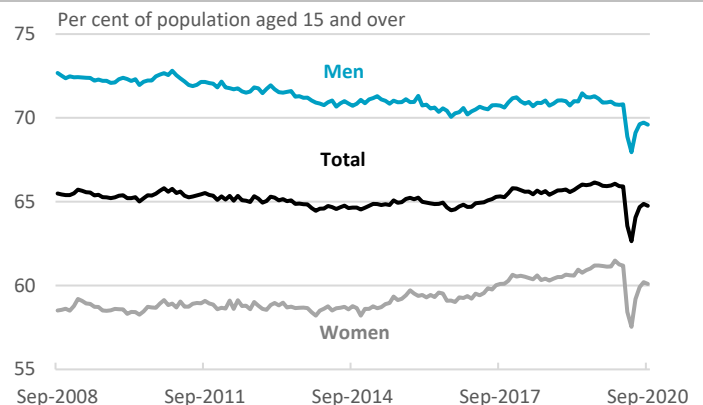
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Labour market weakens slightly in September



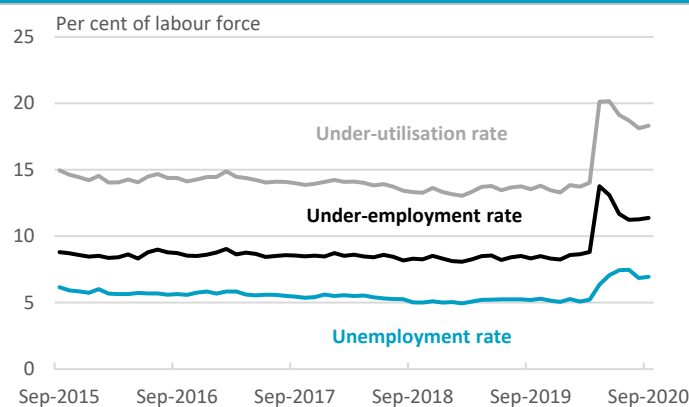
The number of employed people fell by about 30,000 in September. However, the number of unemployed increased by just 11,000. This is because only people who look for work are counted as unemployed. People who lose their jobs, but do not look for work, drop out of the labour force – which fell by 18,000. The September result reflects weak conditions in some industries, in Victoria and for small business.

Many people yet to re-enter the labour force ...



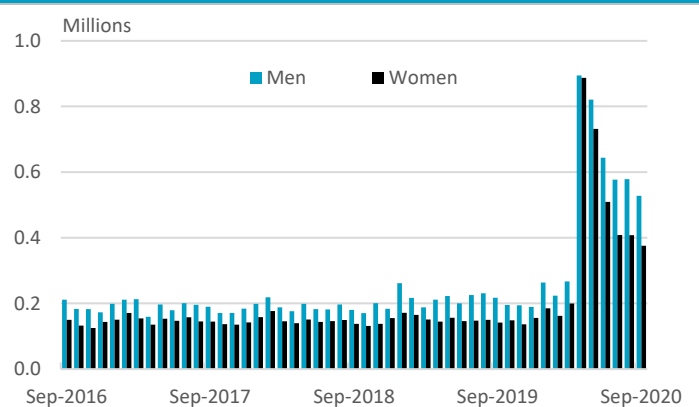
The participation rate is the share of people aged 15 and over who are in the labour force (working or looking for work). Rates fell in April and May – as many people who lost their jobs decided not to look for work. Since then, rates have recovered somewhat as people have re-entered the labour force. In terms of spare capacity, the gap between current and pre-crisis rates (for total participation) equates to 200,000 people.

... significant spare capacity within the labour force ...



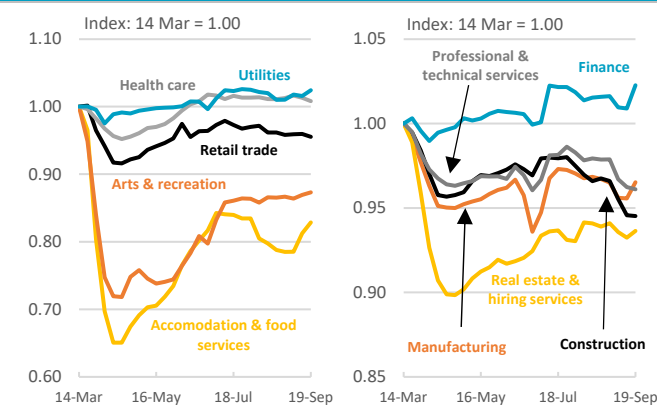
Unemployment comprises people who do not have a job but are looking for work, while under-employment comprises people who do have a job but want to work more hours. Together, the two metrics equal under-utilisation. The percentage of people in the labour force who are under-utilised rose slightly in September to 18.3%, which is equivalent to around 620,000 more people than before the crisis.

... including workers on reduced hours



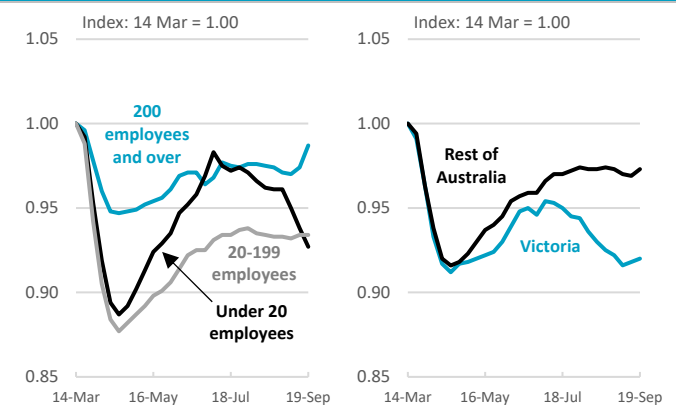
Of the people who were employed during September, around 900,000 worked less hours than usual. In terms of spare capacity, this is around 540,000 more than pre-crisis levels – which is equivalent to around 4% of people who are currently employed. The number of workers who are on reduced hours due to the crisis is just less than half the peak level (which was around 1.4 million in April).

Divergent trends in job growth across industries ...



Data for the number of payroll jobs shows divergent conditions across industries. While employment is rising in some (e.g. utilities), job-shedding continues in others (e.g. construction and professional services). Job numbers in industries hit hardest by the crisis (e.g. food services, tourism and the arts) remain well below pre-crisis levels.

... and across business size and location



Payroll data also shows marked differences in conditions by firm size and by state. In general, small business has been less able to weather the protracted effects of crisis restrictions – particularly in Victoria – and is over-represented in some industries particularly affected by the crisis, such as construction and associated service professions.