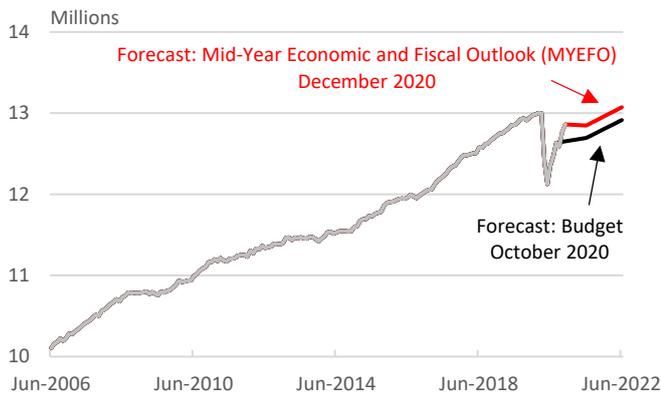


ASFA Economic Snapshot: week ending 15 January

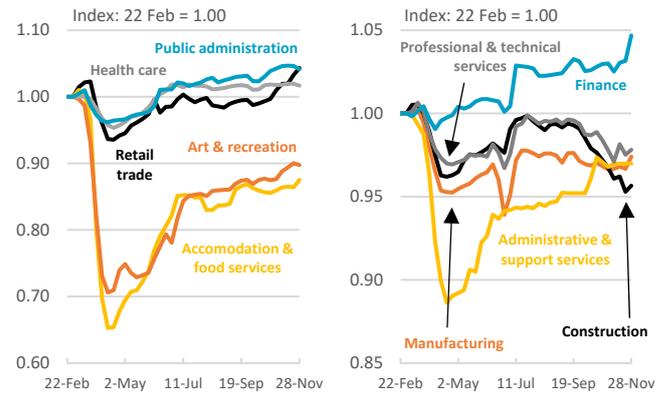
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

A slow recovery for total employment ...



For MYEFO, the Government revised-up its previous (Budget) forecast for employment, reflecting expectations of a quicker easing of social and travel restrictions. However, virus outbreaks during the Christmas period prompted tighter (albeit more-targeted) restrictions, such that the recovery is likely to take even longer than forecast at MYEFO.

... and for jobs in some industries



Data for job numbers indicate industries with ongoing weak demand for labour. While unemployed workers may seek jobs in different industries, it will still take time for faster-growing industries to soak-up more workers – limiting falls in total unemployment (note: lower job levels also reflect a reduced supply of foreign workers – Panel 5).

Unemployment remains elevated ...



The jobs recovery began in June 2020, with employment increasing by 730,000 by end-November. However, the number of unemployed rose (slightly) during this period, since (in broad terms), employment did not keep pace with the labour force (which comprises the employed and those looking for work). The re-bounce in labour force numbers reflects people re-entering (after dropping-out) and new entrants.

... with spare capacity among current employees falling



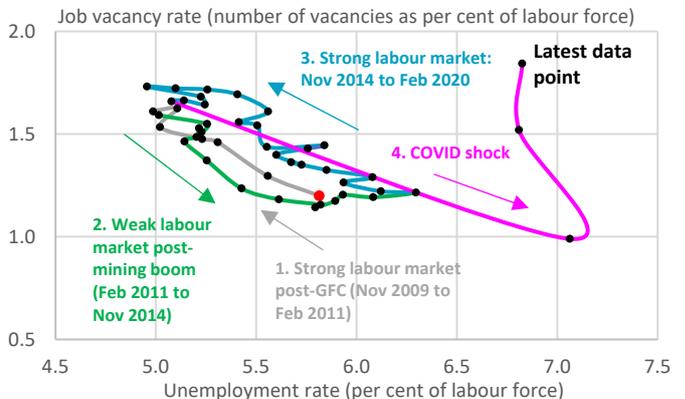
Unemployment comprises people who do not have a job but are looking for work, while under-employment comprises people who do have a job but want to work more hours. Together, the two metrics equal under-utilisation. While the unemployment rate remains elevated, the under-employment rate has declined – as firms have reversed previous cuts to hours worked for current workers.

Mis-matches in supply and demand for labour ...



Job vacancy data highlights mis-matches of supply and demand for labour in some industries. Generally, positive (negative) changes in job vacancies reflect increased (decreased) demand for workers. Unusually, during this crisis, the supply of foreign workers has also contracted. Particularly for accommodation & food services this means that vacancies have increased despite weaker business conditions.

... reflected in the overall labour market



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. Over time, an improving labour market exhibits a rising vacancy rate, and a falling unemployment rate (vice-versa for a deteriorating market). The latest point highlights the stark mis-match in some industry labour markets.