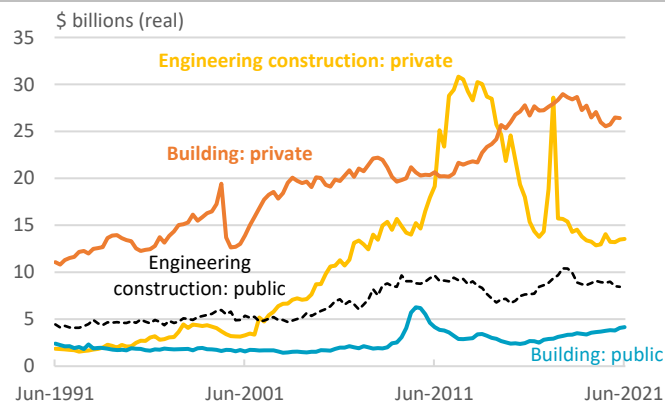


# ASFA Economic Snapshot: week ending 27 August 2021

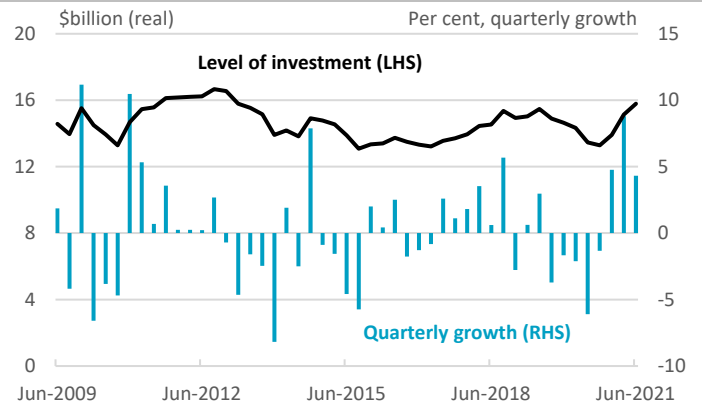
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## Construction work is holding up ...



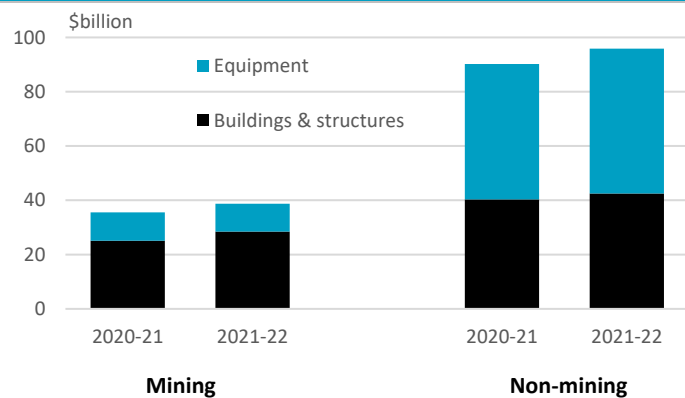
Private-sector investment includes construction work undertaken on structures (such as roads and mines) and buildings (residential and non-residential). An increase in new project commencements in late-2020 (particularly residential buildings), lifted activity levels into 2021. Looking ahead, despite the current heightened COVID restrictions, firms are generally positive about the investment outlook (Panel 3).

## ... and so is investment in new equipment



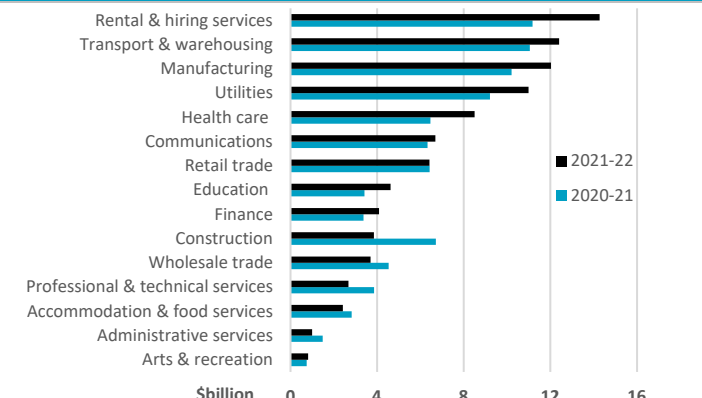
Private-sector investment also includes firms' purchases of new equipment. In the June quarter 2021, new equipment investment rose by 4%, to be about 8% higher than its pre-crisis level (in the December quarter 2019). Together with the outcome for construction work done (Panel 1), total real private-sector investment rose by 4% in the June quarter 2021, to be only 1% lower than its pre-crisis levels.

## Firms still expect investment to pick-up ...



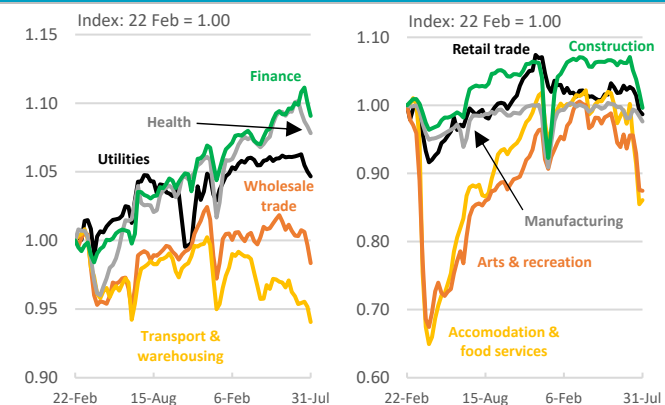
This shows firms' expectations for investment spending in 2021-22, compared with actual spending for 2020-21. For the mining and (total) non-mining sectors, firms' expectations for nominal spending<sup>^</sup> are 9% and 6% higher (than 2020-21) respectively. The survey was undertaken during July and August, and so incorporates firms' expectations of the impact of lockdowns and social restrictions on investment plans.

## ... across most industries



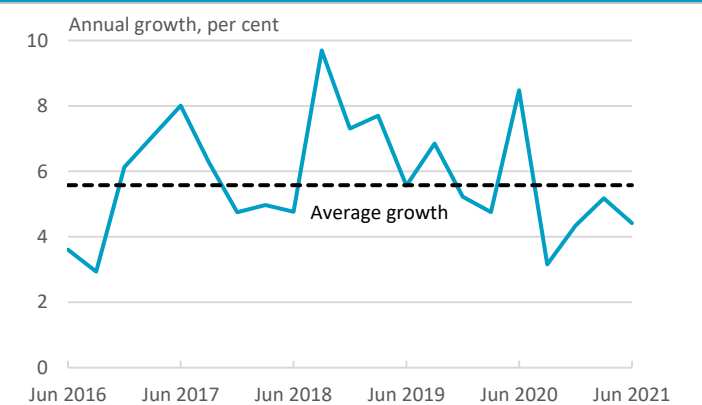
For the (total) non-mining sector, investment spending (unadjusted for inflation) is expected to be higher in 2021-22 for 9 of the 15 industries, and for 8 of the 10 largest industries. Large percentage increases are expected for *health care* (31%), *rental & hiring services* (28%) and *manufacturing* (18%). Note, *construction* here refers to investment by the construction industry, for the construction industry.

## Job numbers have softened



This shows the number of jobs since early-2020. Lockdown conditions, particularly on the East Coast, have seen job numbers fall across major industries. Despite this, *total jobs* are 1% higher than before the crisis. While *construction* jobs have dropped recently, this in part reflects the 2-week site closure in NSW, which has since been reversed.\*

## Super contributions will take a hit



This chart shows annual growth in compulsory super contributions. For the year to the September quarter 2020, growth dropped sharply, which reflected the fall in employment. While contributions growth has rebounded somewhat, the impact of current restrictions on job numbers will be reflected in contributions growth in coming quarters.

Sources for each panel: (1) ABS, *Construction Work Done*, June and ASFA calculations; (2, 3 & 4) ABS, *Private New Capital Expenditure and Expected Expenditure*, June and ASFA calculations; (5) ABS, *Weekly Payroll Jobs and Wages*, week ending 31 August and ASFA calculations (6) APRA, *Quarterly Superannuation Performance*, June.. <sup>^</sup> That is, spending not adjusted for inflation. \* The sharp drop in construction jobs (and jobs in some other industries) around December 2020/January 2021 reflects the impact of the Christmas break.