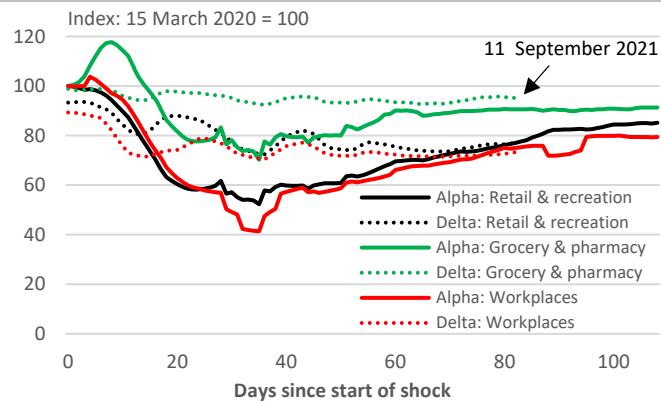


ASFA Economic Snapshot: week ending 17 September

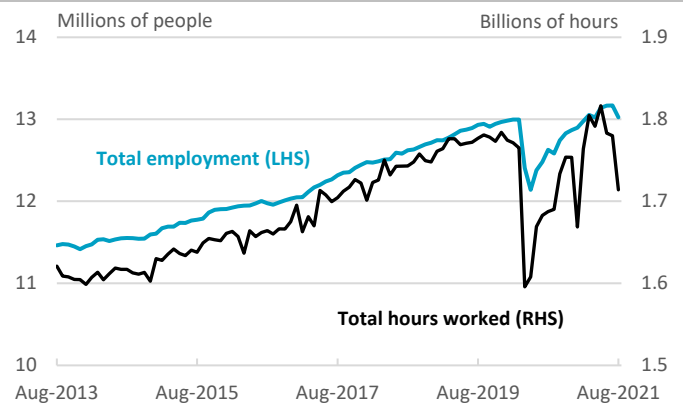
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Individual activity has bottomed-out



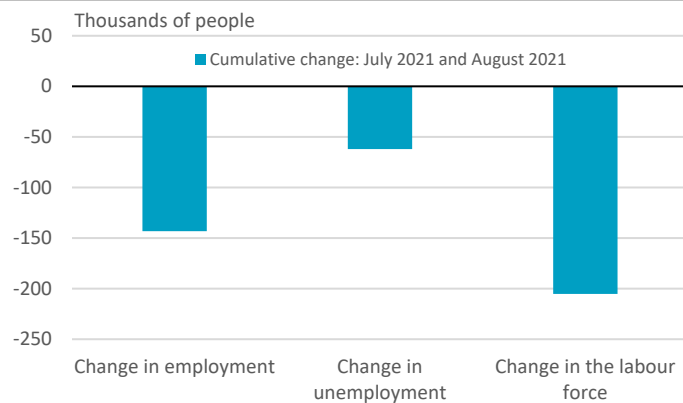
This shows aggregated metrics for Australia for visits/time-stayed by people following the March-2020 COVID shock (solid lines) and the Delta COVID shock to 11 September (dot lines). Across the nation, the variation in current restrictions is reflected in a lower (average) impact compared with the 2020 shock. Also, the impact of current restrictions appears to have bottomed-out (ahead of their scheduled easing).

In the labour market, hours worked down more than jobs



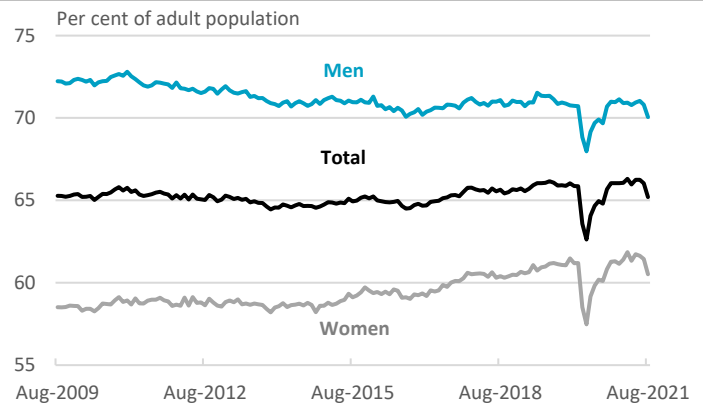
This week's Labour Force Survey shows that the main labour market impact of restrictions has been on hours worked rather than jobs. While total employment fell by 1% in July and August combined, total hours worked fell by 4%. Additional falls (for both metrics) are likely for September, however the overall impact will be far less than during the 2020 shock, where employment fell by 7% and hours fell by 10%.

The labour force has shrunk ...



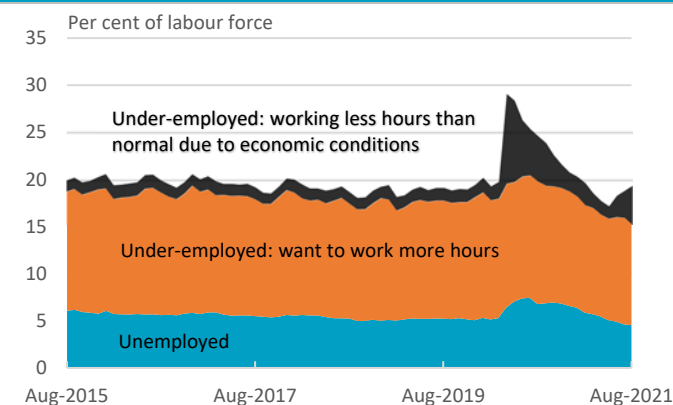
The labour force comprises people who are employed *plus* people who are not employed but searching for a job (unemployed). For July and August combined, the number of employed people (Panel 2) has fallen by 140,000. The number of unemployed people also decreased (by 60,000), which reflects discouraged job seekers dropping out of the labour market – who are not counted as unemployed (Panel 4).

... as discouraged job seekers have dropped out



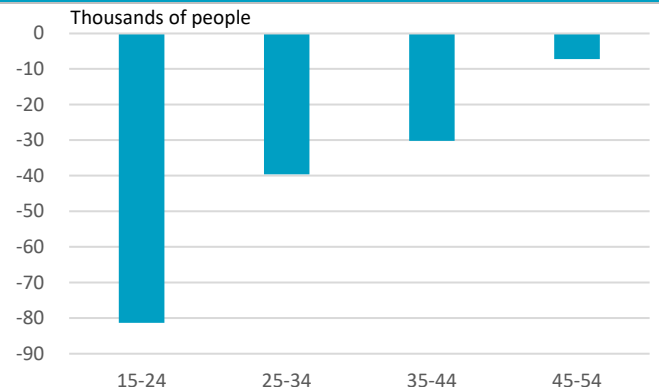
The participation rate is the share of the population (aged 15+) in the labour force (people who are either employed or unemployed). The flow of discouraged job seekers out of the labour force (Panel 3), is reflected in falls in the participation rate, which has decreased by 1 percentage point for both men and women. The 2020 COVID shock saw participation rates fall by 3 and 4 percentage points respectively.

Labour under-utilisation has risen



The unemployment rate (blue) has fallen over the last two months, as discouraged job seekers have dropped out of the labour force. In contrast, workers on reduced hours has risen from 1.3% of the labour force to 4.3% (black). Even prior to the crisis, 11% of the labour force, while not on *reduced* hours, wanted more work – this share persists.

Younger people most affected



This shows falls in employment by age, for July and August combined. Even though people aged 15-24 account for just 15% of workers (pre-crisis basis), the absolute drop in employment has been largest. For affected workers (regardless of age), the scheduled increases in the SG rate will help them catch-up on lost superannuation contributions.