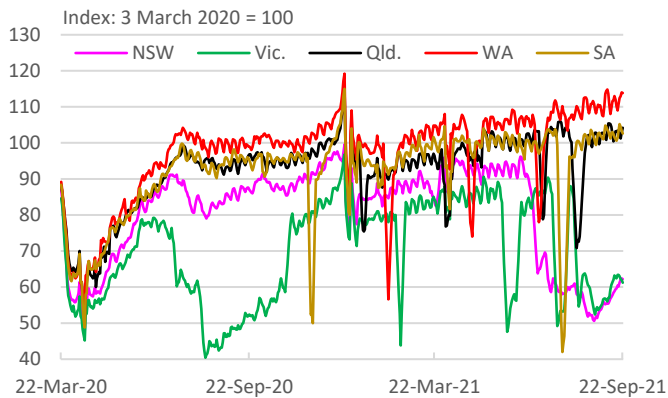


# ASFA Economic Snapshot: week ending 1 October 2021

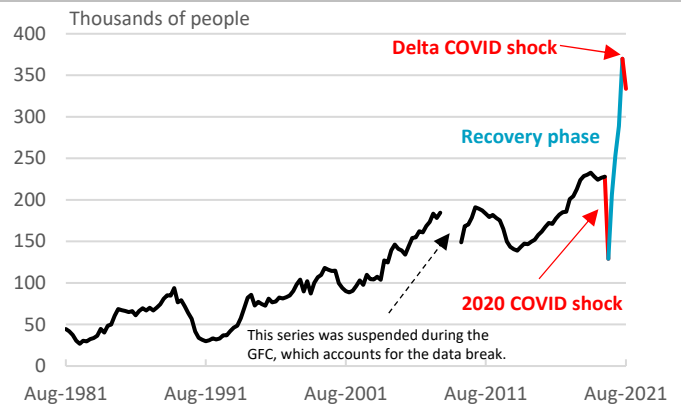
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## The Delta-COVID shock affects individual activity levels



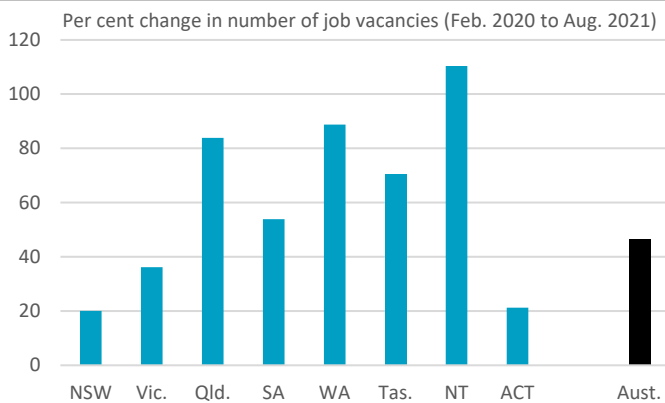
This chart shows aggregated metrics for visits/time-stayed by people at retail and recreation facilities (ex. supermarkets), to 22 September. Current conditions will persist in NSW and Victoria ahead of any gradual relaxation of restrictions – the timing of which remains uncertain particularly for Victoria. For Queensland, the re-imposition of restrictions in the South-East on 30 September will see activity fall.

## Job vacancies down slightly, following a sharp rise ...



Typically, a rise in job vacancies suggests improving business conditions (and vice versa). The sharp rise in total vacancies which accompanied the broader recovery from the 2020 COVID shock (blue) reflected a rise in the demand for labour from firms, coupled with labour shortages in some industries. The Delta-COVID shock has seen total vacancies drop slightly, largely due to lower demand from firms.

## ... which reflects a two-speed labour market ...



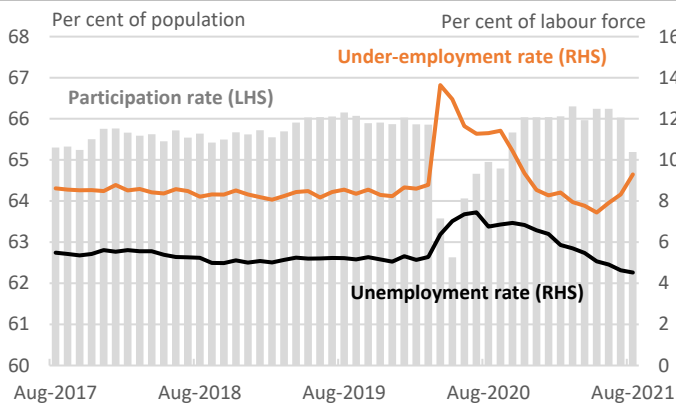
This shows the change in the number of job vacancies since before the initial COVID crisis (February 2020), and so incorporates the impact of both COVID waves, as well as the intervening recovery period. Labour markets are relatively tight in those states largely unaffected by the Delta wave, reflecting strong demand and some supply constraints.

## ... with marked labour shortages in some industries



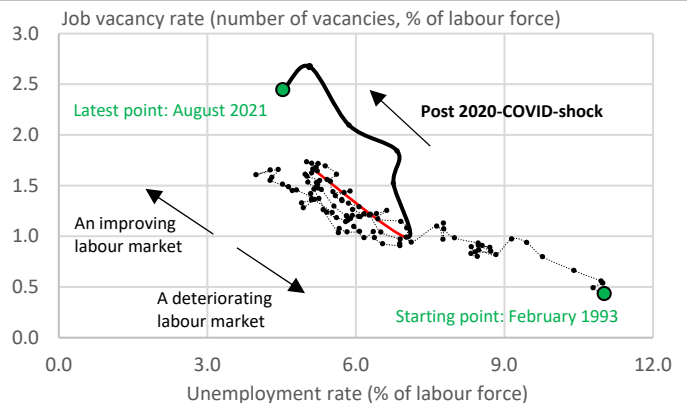
There are stark differences in industry-specific labour markets. Unusually, during the COVID crisis, the supply of foreign workers contracted. This has exacerbated labour shortages in a few industries, particularly *Accommodation & food services* and *Recreation*, even though for both business conditions remain weak in NSW and Victoria.

## Recent labour outcomes reflect the two-speed market ...



In aggregate, the impact of the Delta-COVID shock on labour force outcomes has been smaller than for the 2020-shock. Discouraged job seekers have dropped out of the labour market (a lower participation rate) and more workers are on reduced hours (a higher rate of under-employment). The measured unemployment rate (number of job seekers as a share of the labour force), fell over the last two months.

## ... with mis-matches in supply and demand



This chart tracks vacancy/unemployment rate combinations for each quarter since 1993.\* Typically, an improving labour market exhibits a rising vacancy rate, coupled with a falling unemployment rate (vice versa for a deteriorating market). The 2020-COVID shock (red) was big for a single-quarter, while the trajectory of the subsequent phase (black) points to elevated mis-matches in labour supply and demand.

Sources for each panel: (1) Google, *COVID-19 Community Mobility Reports*; (2 & 3) ABS, *Job Vacancies*, August 2021; (4) ABS, *Weekly Payroll Jobs and Wages*, week ending 14 August 2021; (5) ABS, *Labour Force*, August 2021; (6) ABS, *Job Vacancies*, August 2021 and ABS, *Labour Force*, August 2021. \*Note: the ABS suspended its vacancy rate survey during the GFC, so there is no data for the period between May 2008 and November 2009.