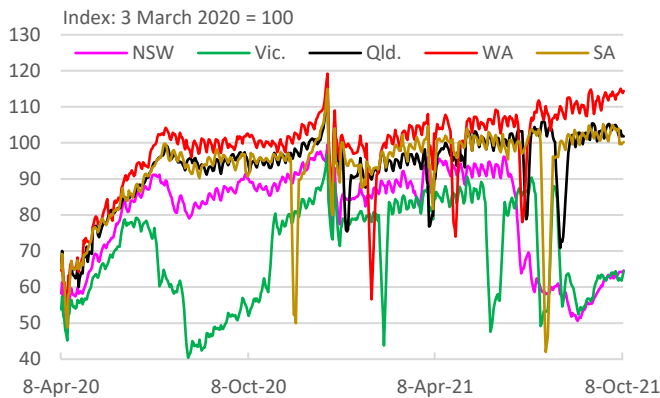


# ASFA Economic Snapshot: week ending 15 October

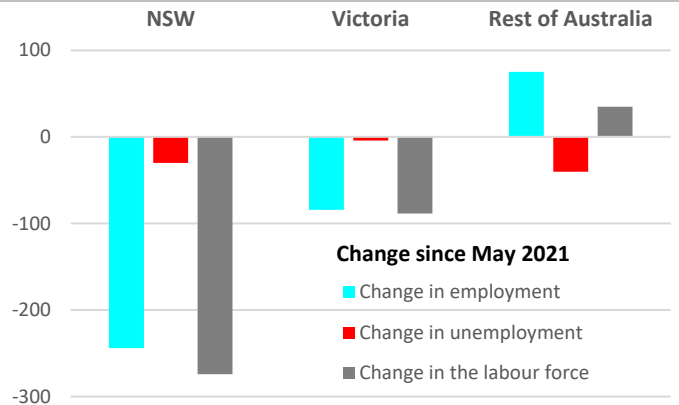
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## Individual activity levels set to rise after the COVID crisis



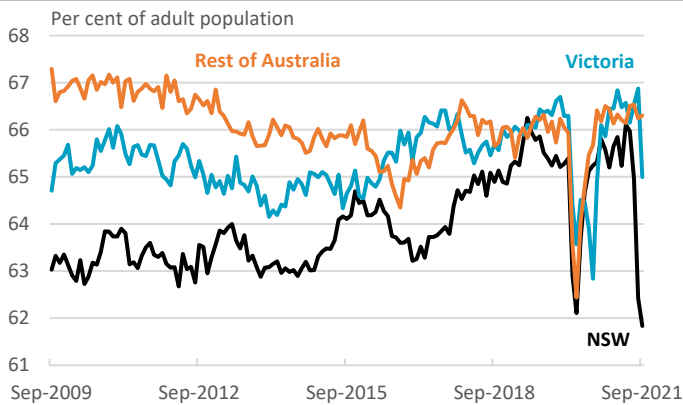
This chart shows aggregated metrics for visits/time-stayed by people at retail and recreation facilities (ex. supermarkets) to 8 October. With restrictions now easing in NSW, and set to start easing in Victoria next week, individual activity levels in those states will start to normalise – as will conditions in the most affected industries and in labour markets. That said, the pathways for re-opening will remain uncertain.

## South-east labour markets have been most affected



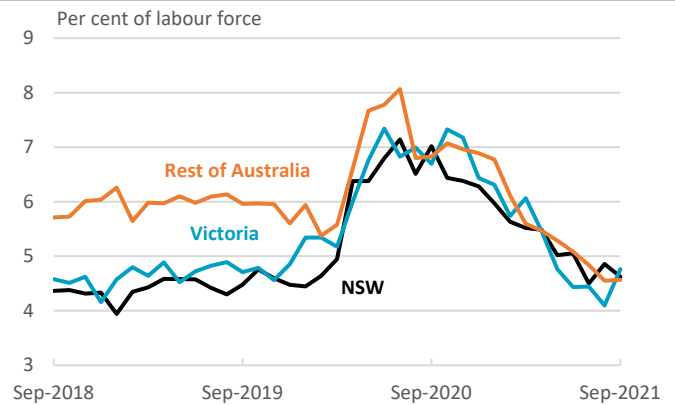
The labour force comprises people who are employed *plus* people who are not employed but looking for a job (unemployed). Since May, the number of employed people (blue) has fallen in NSW and Victoria. The fact that the number of unemployed people (red) has *not risen* by a similar degree indicates that the major labour market impact has been for discouraged job seekers to drop-out of the labour force (Panel 3).

## Job seekers have dropped out of the labour force ...



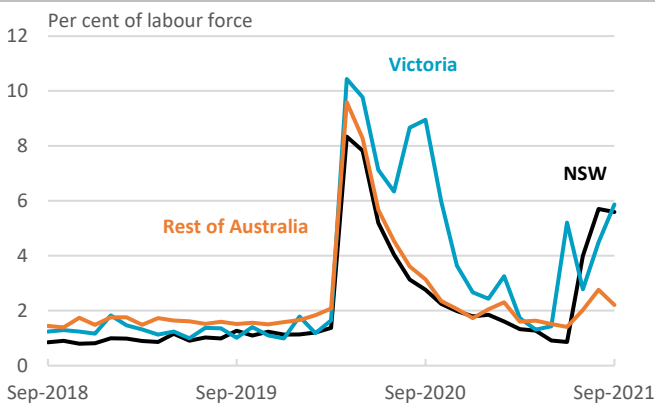
The participation rate is the share of the population (aged 15+) in the labour force (people who are either employed or unemployed). The flow of discouraged job seekers out of the NSW labour force (Panel 2), is reflected in a 4-percentage point drop in the participation rate. The Victorian participation rate has also fallen. Compared to May, lower rates equate to about 280,000 people in NSW and 90,000 in Victoria.

## ... rather than continue to look for work ....



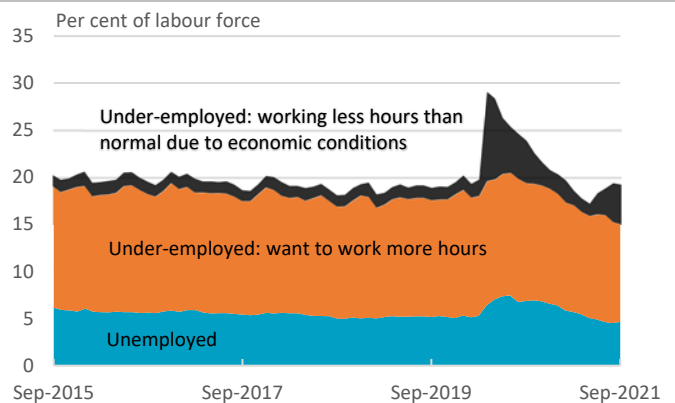
This chart shows the number of people (as a share of the labour force) who are not employed but looking for a job – that is, the unemployed. For NSW and Victoria, unemployment rates have changed little since May, and are currently around the rate for the rest of Australia (NSW: 4.6%, Victoria: 4.8%, Rest of Australia: 4.6%). This emphasises the importance of the discouraged job-seeker effect (Panels 2 and 3).

## ... and more workers are on reduced hours



This chart shows the number of employees (as a share of the labour force) who are working less hours than normal due to the prevailing economic conditions. Since May, the increase in rates of under-employment (due to economic reasons) for NSW and Victoria equates to around 210,000 workers and 160,000 workers respectively.

## Spare capacity is higher than it appears



The typical metric of spare capacity combines total unemployment (Panel 4), total workers on reduced hours (Panel 5), *plus* workers who, while not on *reduced* hours, want more work. While the chart shows spare capacity just above pre-crisis rates, it does not account for those discouraged job seekers that will re-enter the labour market (Panel 3).