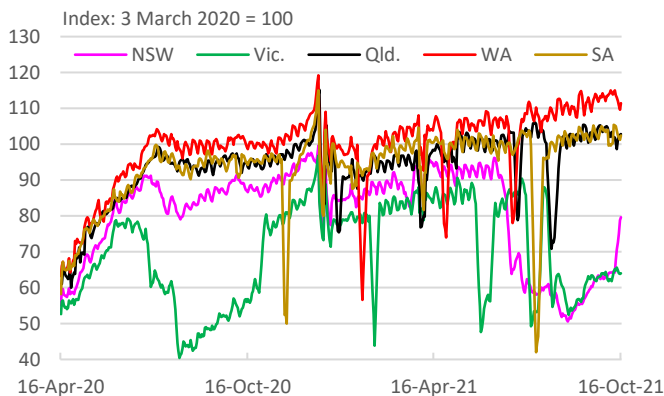


# ASFA Economic Snapshot: week ending 22 October

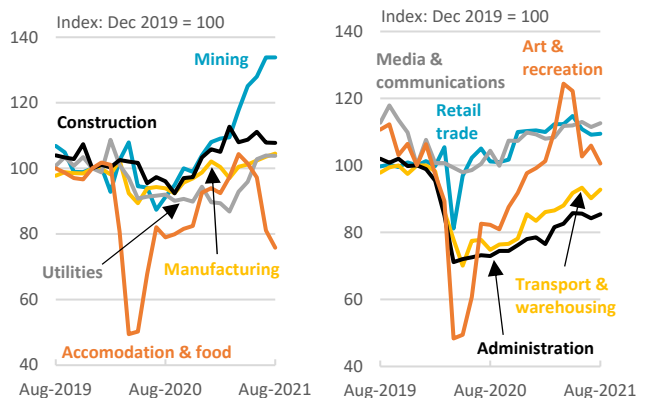
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## Individual activity levels to rise as restrictions ease



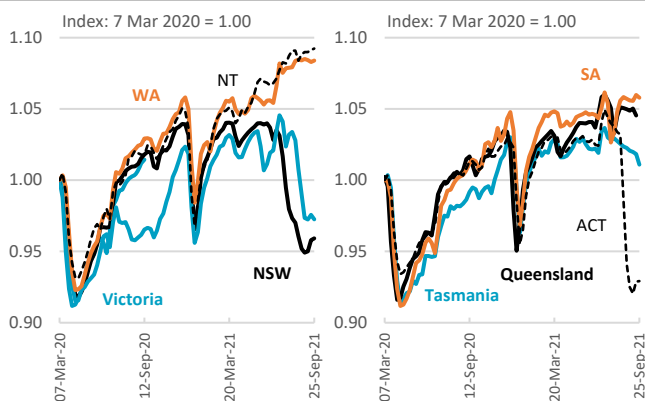
This chart shows aggregated metrics for visits/time-stayed by people at retail and recreation facilities (ex. supermarkets) to 16 October. With restrictions now easing in NSW and Victoria, individual activity levels in those states will normalise – as will conditions in the most affected industries and in labour markets. That said, the ultimate pathways for re-opening, and economic impacts, remain uncertain.

## Impacts of COVID shock on business has varied markedly



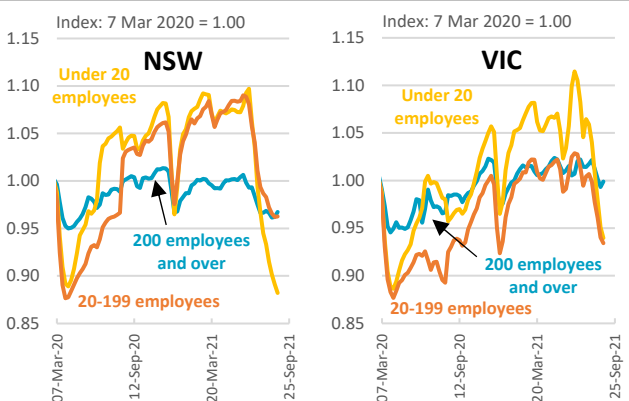
These charts show business turnover by industry. The impact of the Delta-COVID shock (largely in NSW and Victoria) has been greatest for *Accommodation & food services*, but turnover will rebound as conditions normalise. For *Transport*, the persistent impact from the initial March-2020 shock largely reflects air-travel restrictions. On the other hand, higher commodity prices has boosted *Mining* turnover.

## Job have bottomed-out, ahead of rebound ...



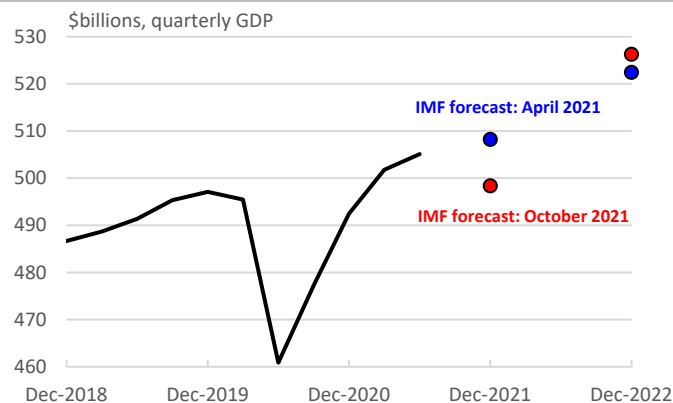
These charts show the number of jobs by state/territory. While the March-2020 COVID shock (and consequent restrictions) had a fairly uniform impact on jobs, the impacts of the Delta-COVID shock have been more varied. For the most affected (NSW, Victoria, ACT), job numbers appear to have now bottomed-out ahead of their recovery.

## ... with losses concentrated in SMEs



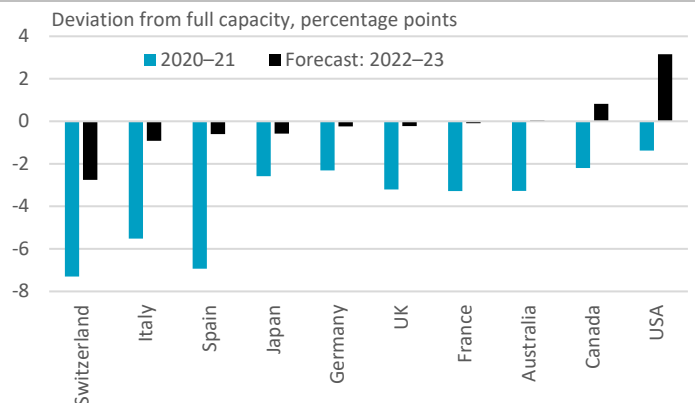
For NSW and Victoria, these charts show jobs by firm size. In average terms, small and medium-sized firms have been less able to weather the Delta-COVID shock compared with large firms, and have shed more staff (on average). This, in part, reflects the fact that a relatively high share of firms in *Accommodation & food services* are SMEs.

## Australian GDP expected to rebound sharply



This chart shows the IMF's forecasts for the level of GDP, as at April (blue) and October (red). The April forecast was prior to the Delta-COVID shock, while the October forecast incorporates the full impact of that shock and the (expected) recovery. The IMF expects a sharp V-shaped recovery, and for GDP to hit a level it otherwise would have reached in the absence of the broader COVID crisis by the end of 2022.

## Australia's spare capacity will diminish



For selected advanced economies, this shows the IMF's estimates for the deviation of total output from the (hypothetical) full-capacity level – that is, the 'output gap'. The IMF expects the Australian economy will reach full capacity by around the end of 2022, ahead of key European economies. For the US, it implies the likely emergence of inflationary pressures and the prospect of rising policy interest rates.