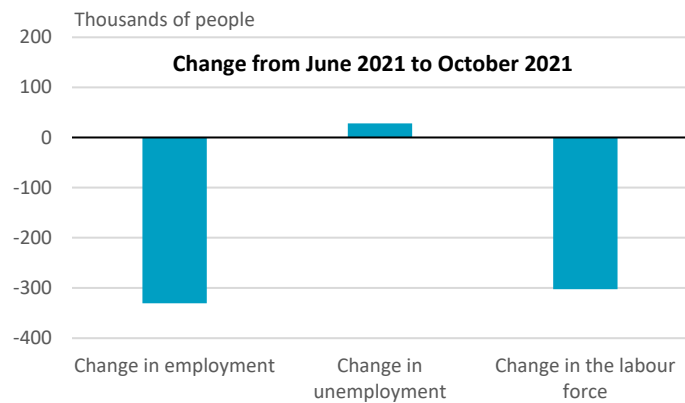


# ASFA Economic Snapshot: week ending 12 November

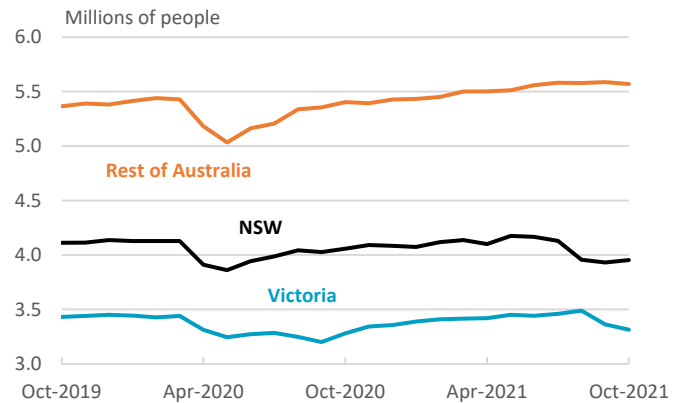
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

## The labour force impact of Delta-COVID



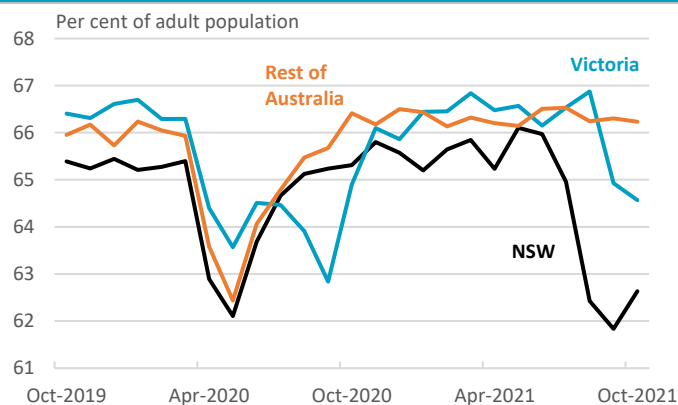
The labour force comprises people who are employed *plus* people who are not employed but looking for a job (unemployed). Compared with June 2021, the number of employed people was 330,000 lower in October, while the number of unemployed was 28,000 higher. This suggests that the major labour-market impact of the Delta-COVID shock was for discouraged job seekers to drop-out of the labour force.

## Recovery begins in NSW, with Victoria lagging



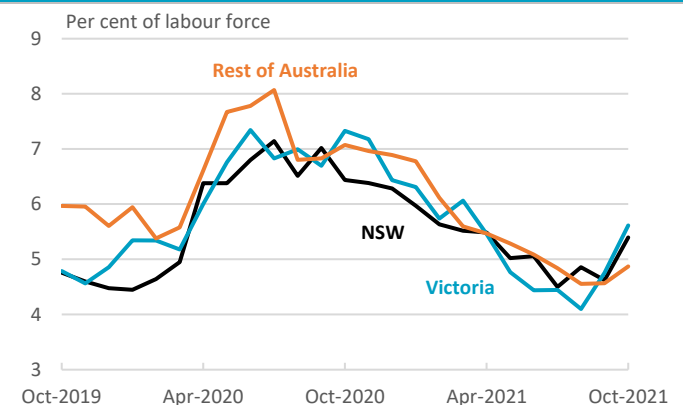
The state of the labour market differs markedly across the states. The above chart shows total employment. While the impacts of the March-2020 shock were fairly uniform across Australia, the Delta-COVID shock mainly affected the south-east. For October 2021, the earlier easing of restrictions in NSW compared with Victoria is reflected in an earlier start to the labour-market recovery (also see Panels below).

## NSW job-seekers starting to get back into the market



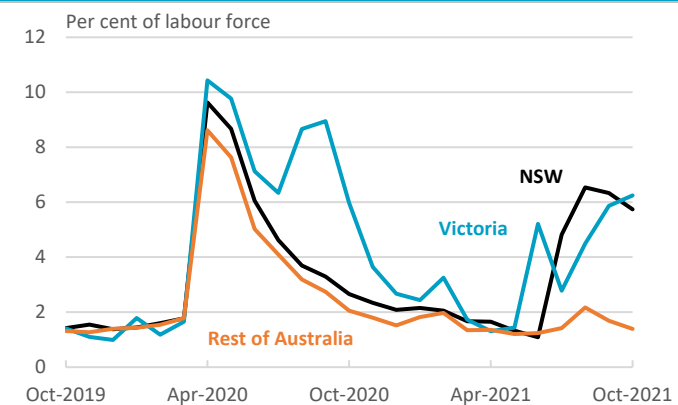
The participation rate is the share of the population (aged 15+) in the labour force (the employed *and* unemployed). As foreshadowed in Panel 1, the sharp drop in participation in NSW and Victoria largely reflected discouraged job seekers dropping-out of the labour force. In October, NSW participation edged up – reflecting a rise in both employment *and* unemployment as people entered the labour force.

## Unemployment rises (not always a bad sign)



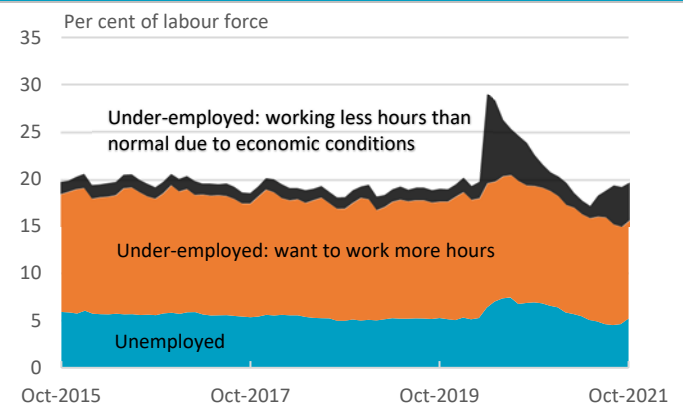
This chart shows the number of people, as a share of the labour force, who are not employed but looking for a job – that is, the unemployment rate. In October, the unemployment rate increased in NSW and Victoria but for different reasons. In NSW, people entered the labour force faster than could be employed (employment rose by 22,000 in October). In Victoria, employment decreased (see Panel 2).

## Workers on reduced hours edges lower in NSW



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. Again, the earlier improvement in business conditions in NSW compared with Victoria is reflected in a fall in the rate of under-employment in October (due to economic reasons).

## Total 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).

