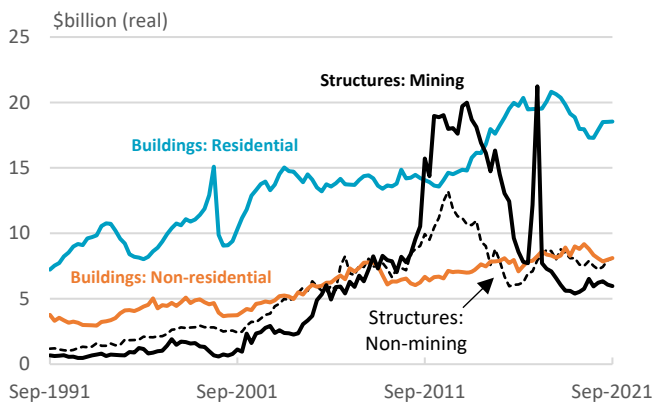


ASFA Economic Snapshot: week ending 26 November

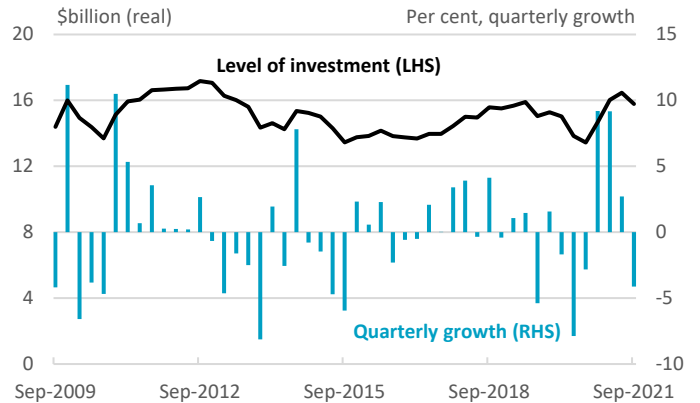
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Construction work is picking-up ...



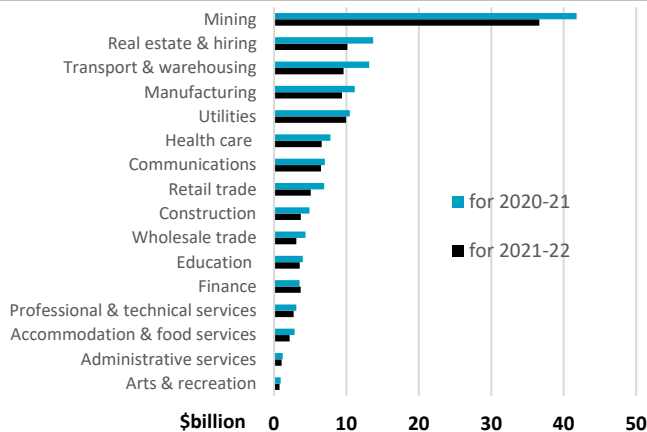
Private-sector investment includes construction work undertaken on structures (such as roads and ports) and buildings (residential and non-residential). Across all sectors, work undertaken continues to recover from mid-2020. For structures (mining and non-mining) work tends to be volatile, reflecting spending on major projects. Residential work has likely reached a peak – approvals have fallen over recent months.

... investment in new equipment at a high level



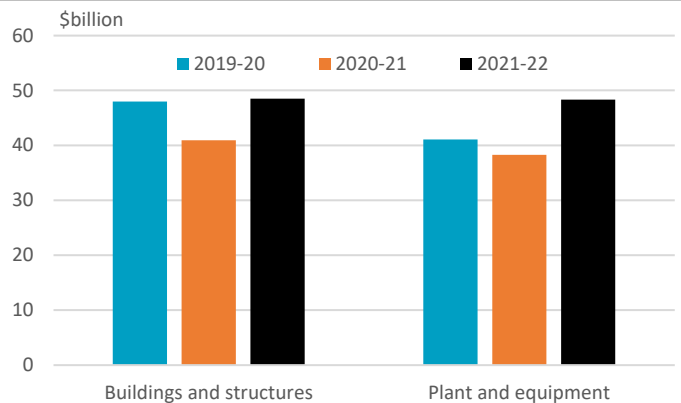
Private-sector investment also includes firms' purchases of new equipment. In the September quarter, new equipment purchases fell by 4% in real terms, but was still above pre-COVID crisis levels. Together with the outcome for construction work undertaken (previous panel), total private-sector investment fell by 2% in the September quarter (in real terms), but was above pre-crisis levels.

Non-mining firms expect investment to rise ...



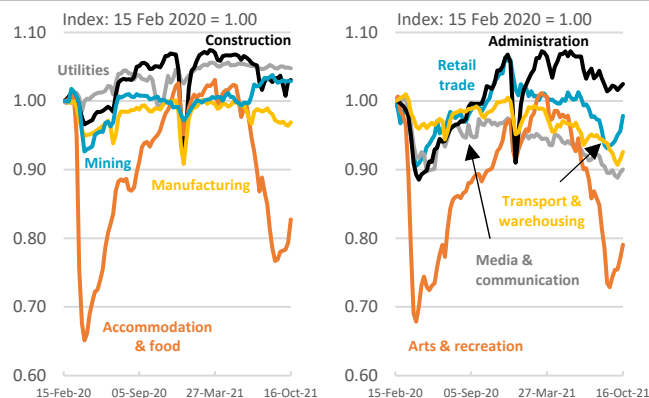
This chart shows firms' expectations for investment spending for the 2021-22 financial year, compared with the equivalent metric for 2020-21 (unadjusted for price changes). For all non-mining sectors, except Finance, investment spending is expected to be higher in 2021-22. For the mining sector, investment is expected to be up 14%.

... across major asset types



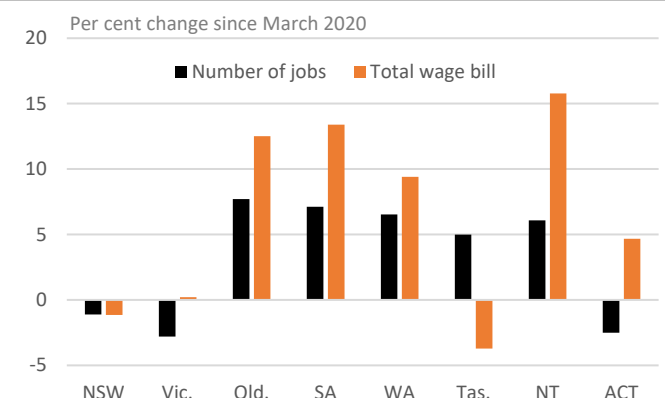
For the (total) non-mining sector, investment in both buildings and structures, and equipment is expected to rise sharply in 2021-22 – to above 2019-20 levels (unadjusted for price changes). Higher investment in buildings and structures will support construction jobs, while higher equipment investment will support manufacturing jobs (about 15-20% of investment-related equipment is sourced locally).

Construction jobs expected to pick-up further ...



Data for job numbers shows recovery in industries most affected by the crisis. This mainly reflects easing of social restrictions in NSW and Victoria. Construction jobs dipped in mid-2021, reflecting disruptions in those states, but will increase – supported by higher investment (Panels 3 & 4). Higher investment will also support manufacturing jobs.

... driven by East-coast activity



This chart shows the change in construction jobs since before the crisis to 16 October 2021, and the change in the construction wages bill for firms (includes JobKeeper). Broadly speaking, the east-coast has been most affected by the COVID crisis (particularly the Delta shock). However, jobs and incomes will rebound as investment picks-up.