Westpac Melbourne Institute Consumer Expectations

Unemployment expectations chart pack.

November 2013

Westpac

Westpac – Melbourne Institute

Consumer unemployment expectations

- **The unemployment expectations index rose 0.9% in Nov following on from +0.6% in Oct. Given a 10% fall in the preceding three months the last two months are broadly flat. Sep was the largest monthly improvement (a fall in the index suggests consumers are not expecting unemployment to rise as much as they were) since the 6.9% fall in Nov 2012.**
- **This levelling is seen in the turnaround in the annual growth rate of the index. The pace has shifted from +5%yr in Jun, –0.7%yr in Aug –6%yr in Oct then a modest +1.8%yr print in Nov.**
- **The trend also highlights that the index has peaked and is looking for a new direction. The trend index, which is reported as a three month centred average, was flat in Jul, –1.6%mth Oct while it rose just 0.3%mth in Nov.**
- **The index is off its highs suggesting households are not expecting the labour market to worsen any further that they already do.**

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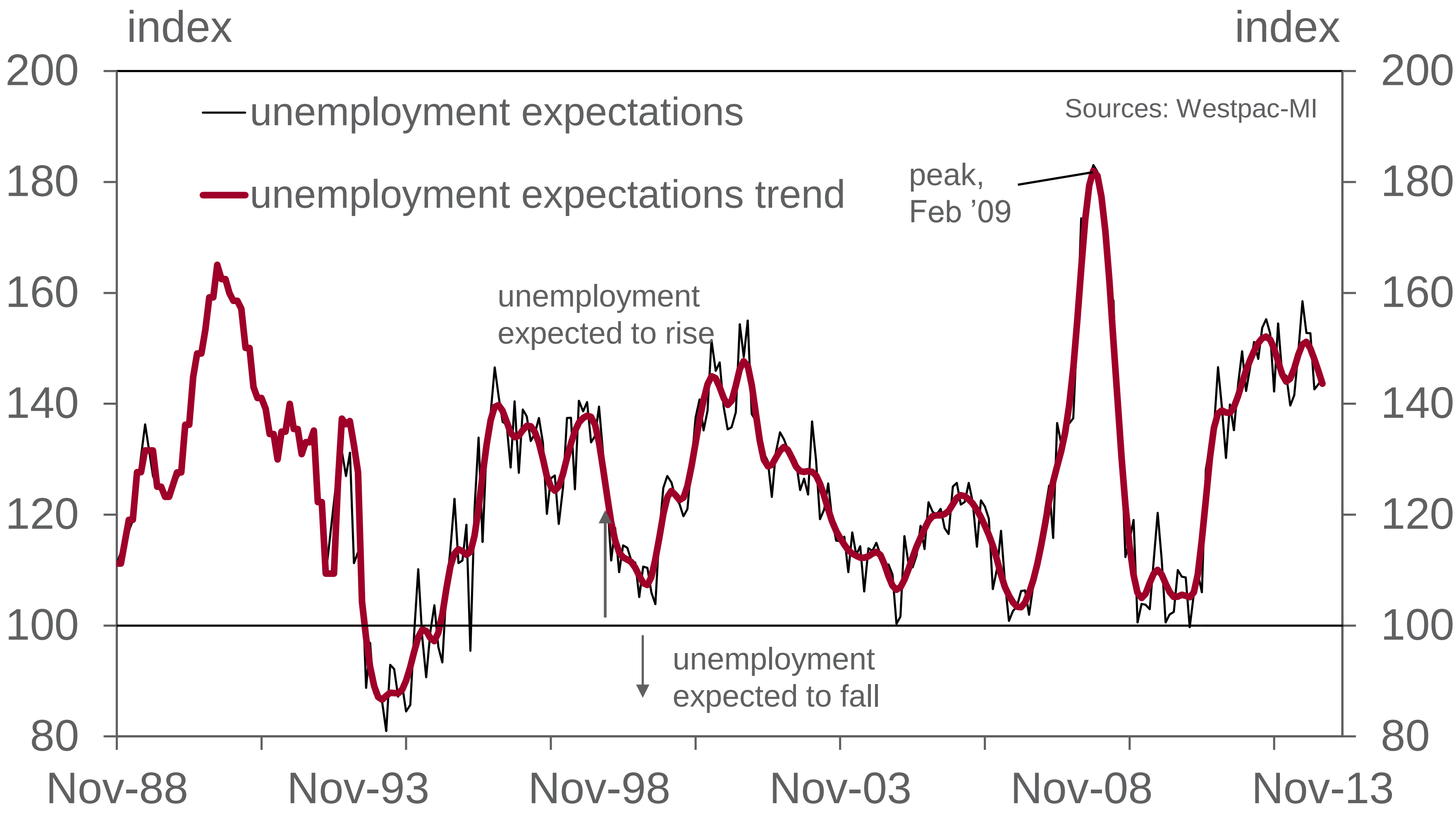
Consumer unemployment expectations (cont)

- **Nevertheless, the trend is still some 14% higher that it long-run average. The index is still pointing to employment growth underperforming relative to population growth. That is, the employment to population ratio is likely to hold at levels, which is below the GFC lows.**
- **Expectations from the mining states continue to improve with expectations in WA now back on par with Qld and NSW. Surprisingly, Vic has the strongest level of unemployment expectations relative to its long run average.**
- **In NSW, hours worked has outperformed the unemployment expectations index while full-time employment has underperformed. In that state, employers are clearly working their existing employees harder than employing new workers. Qld is not as extreme but also highlight stronger hours worked relative to full-time employment.**

Labour market concerns trending down…



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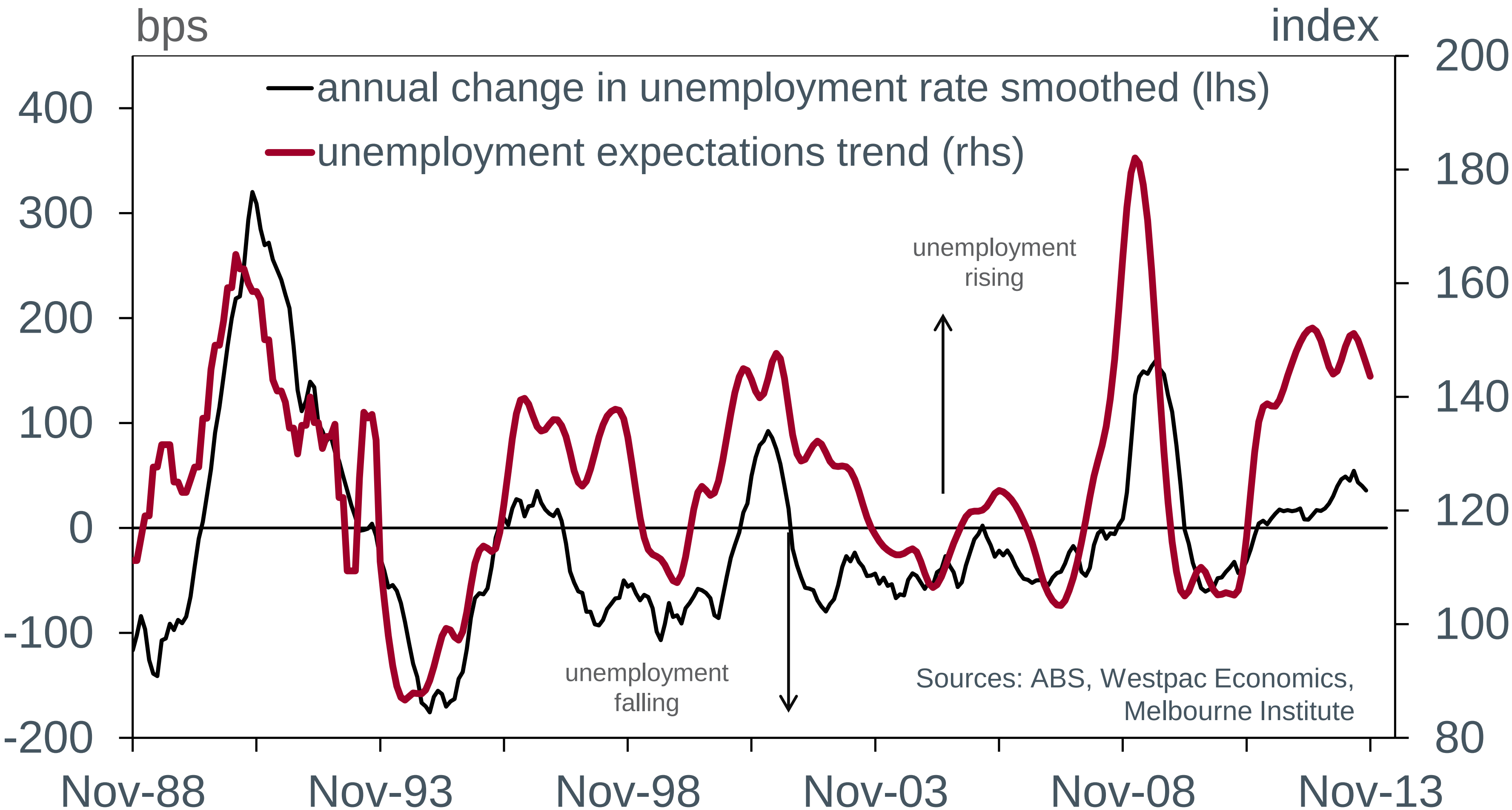
…but consistent with higher unemployment…



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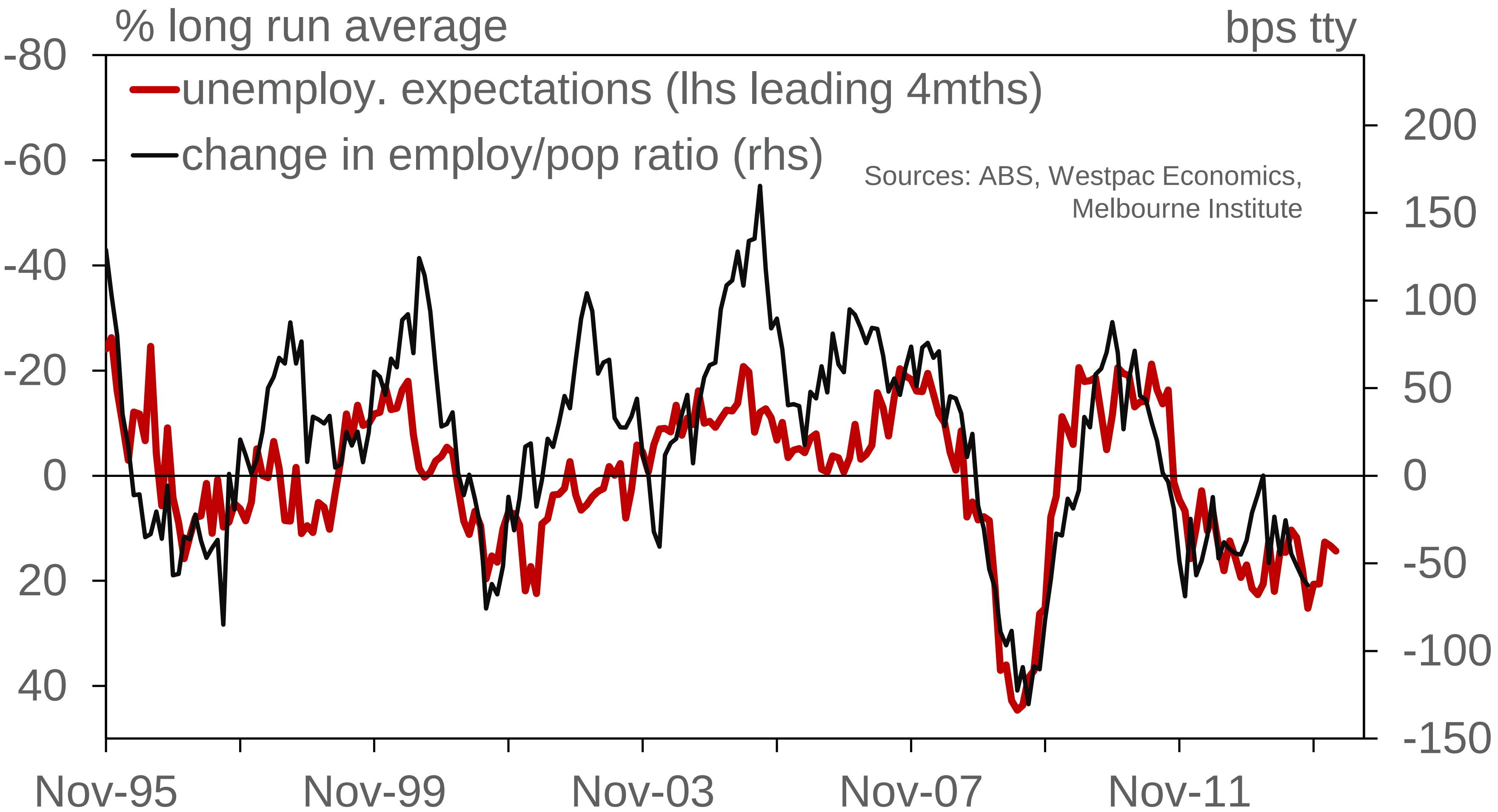
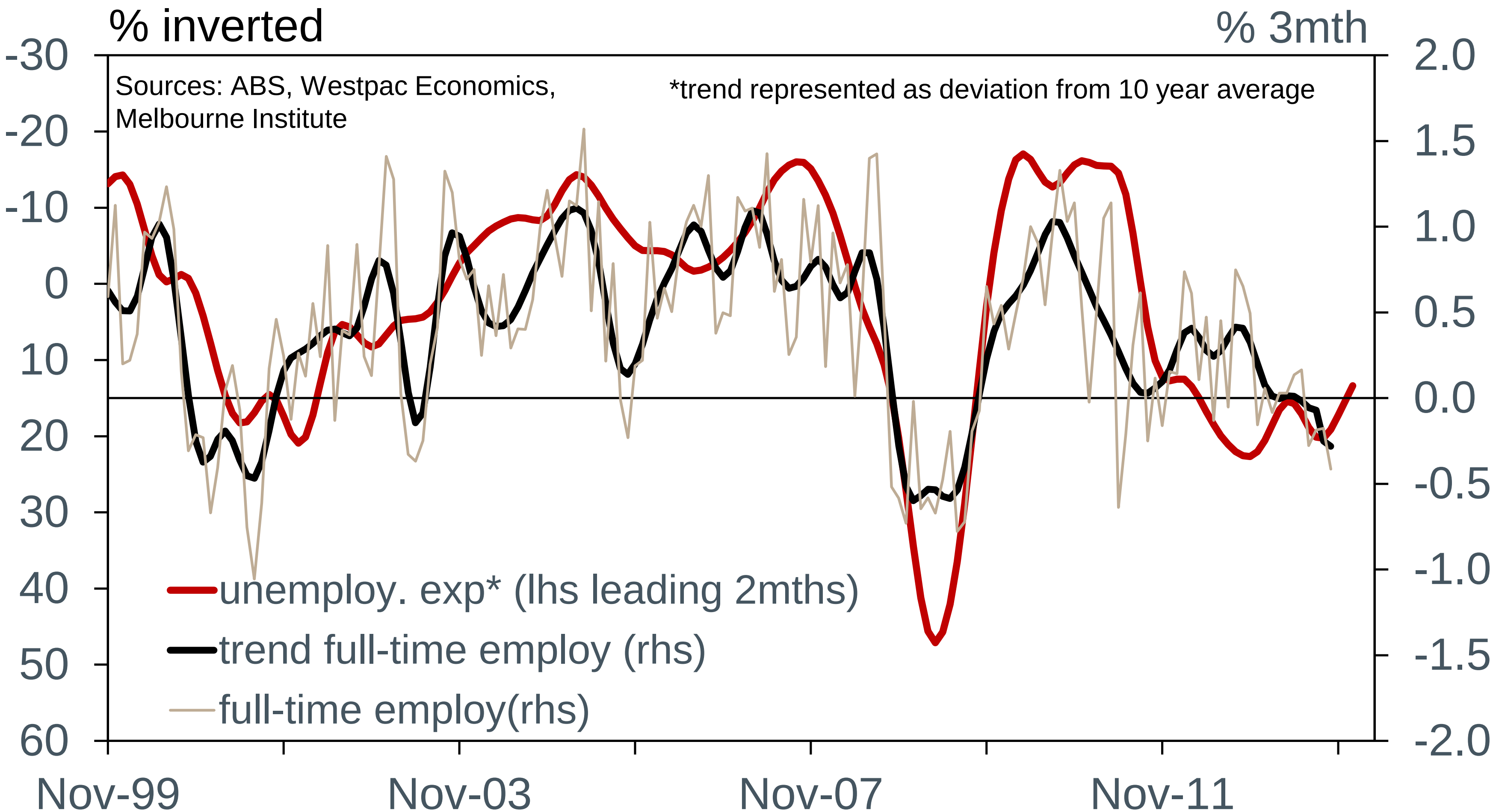
...as employment lags population growth...



...but full-time employment may be turning...



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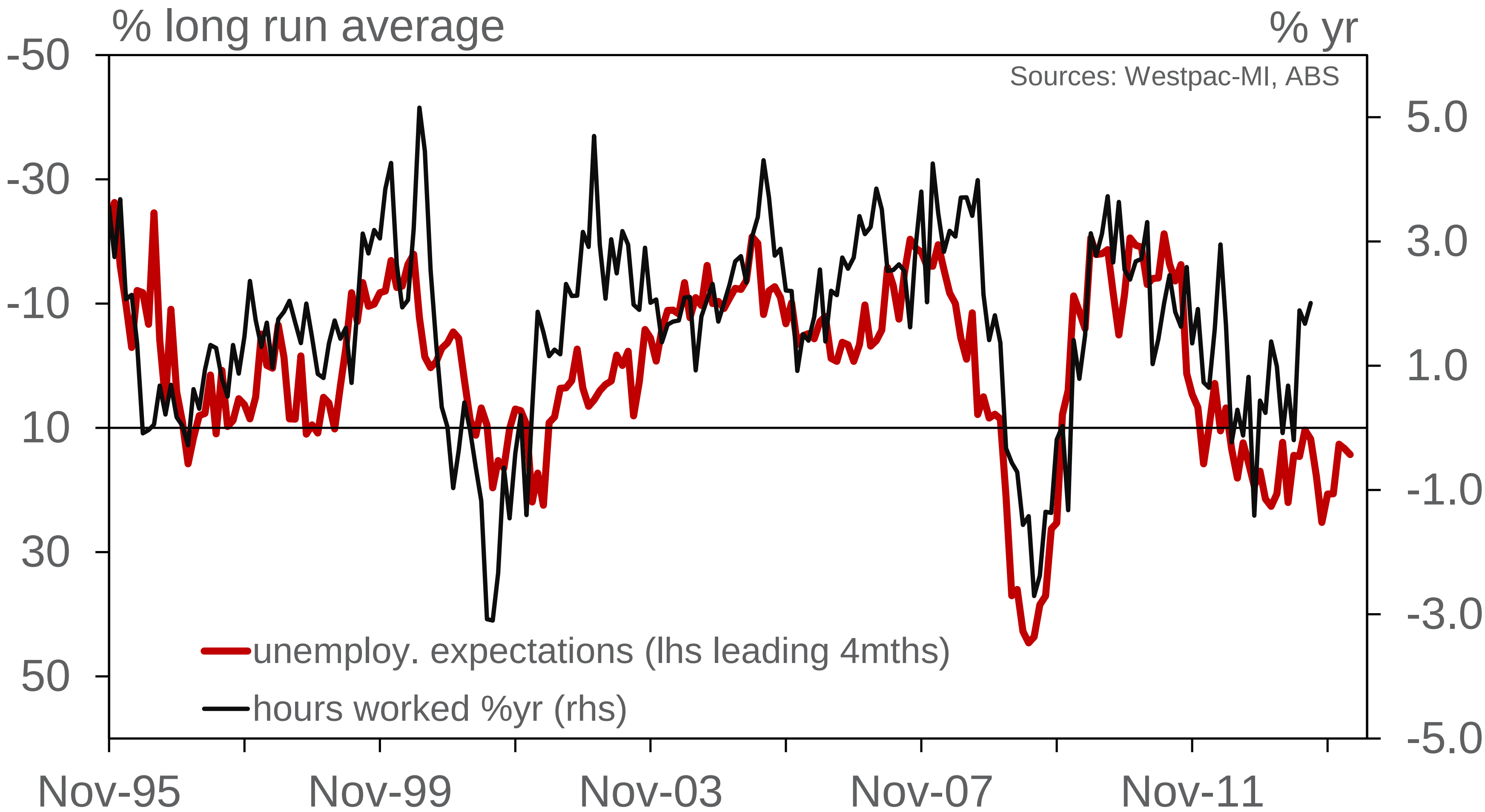
...which is a positive for total employment.

Hours worked have surged ahead...



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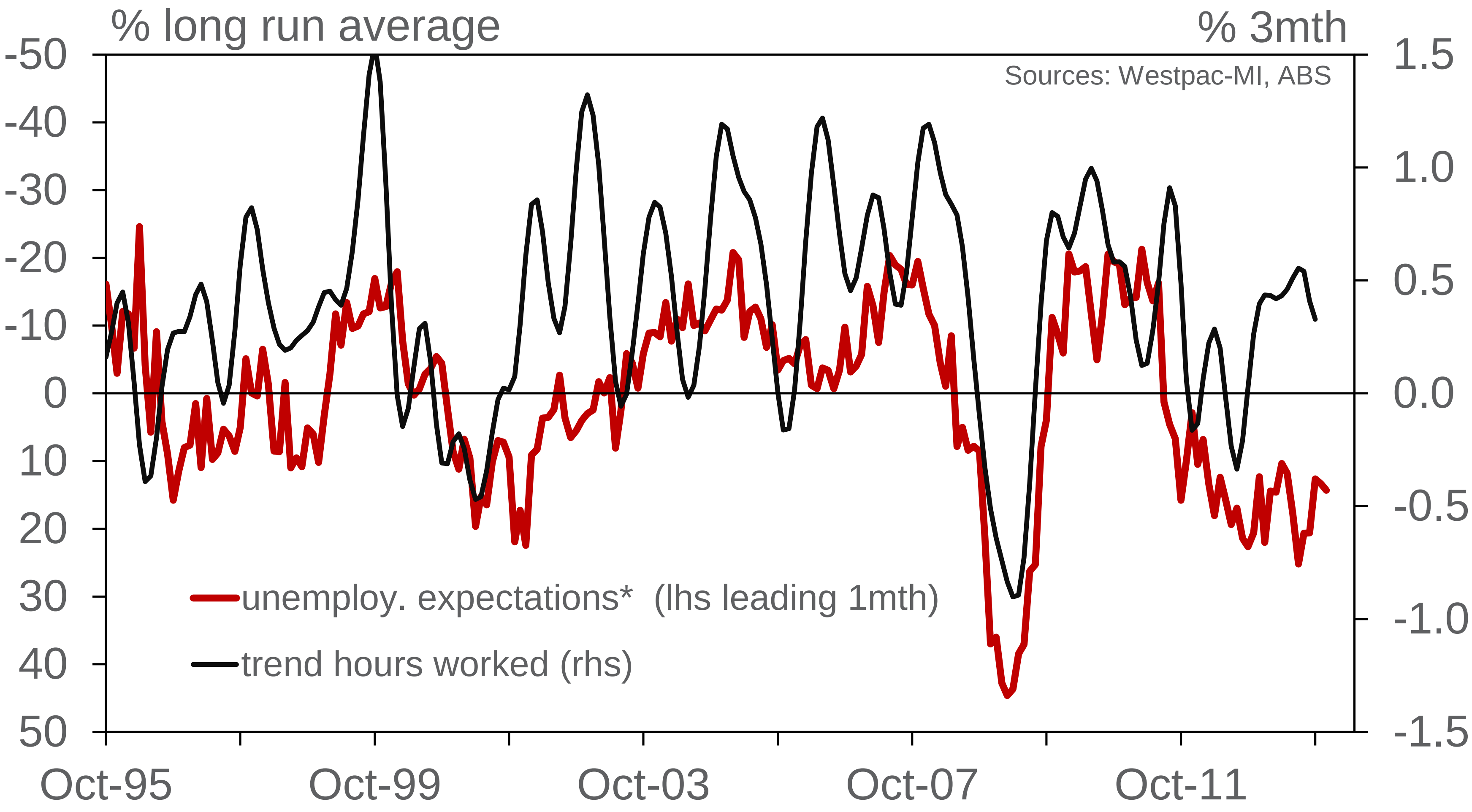
...which is odd compared to expectations.



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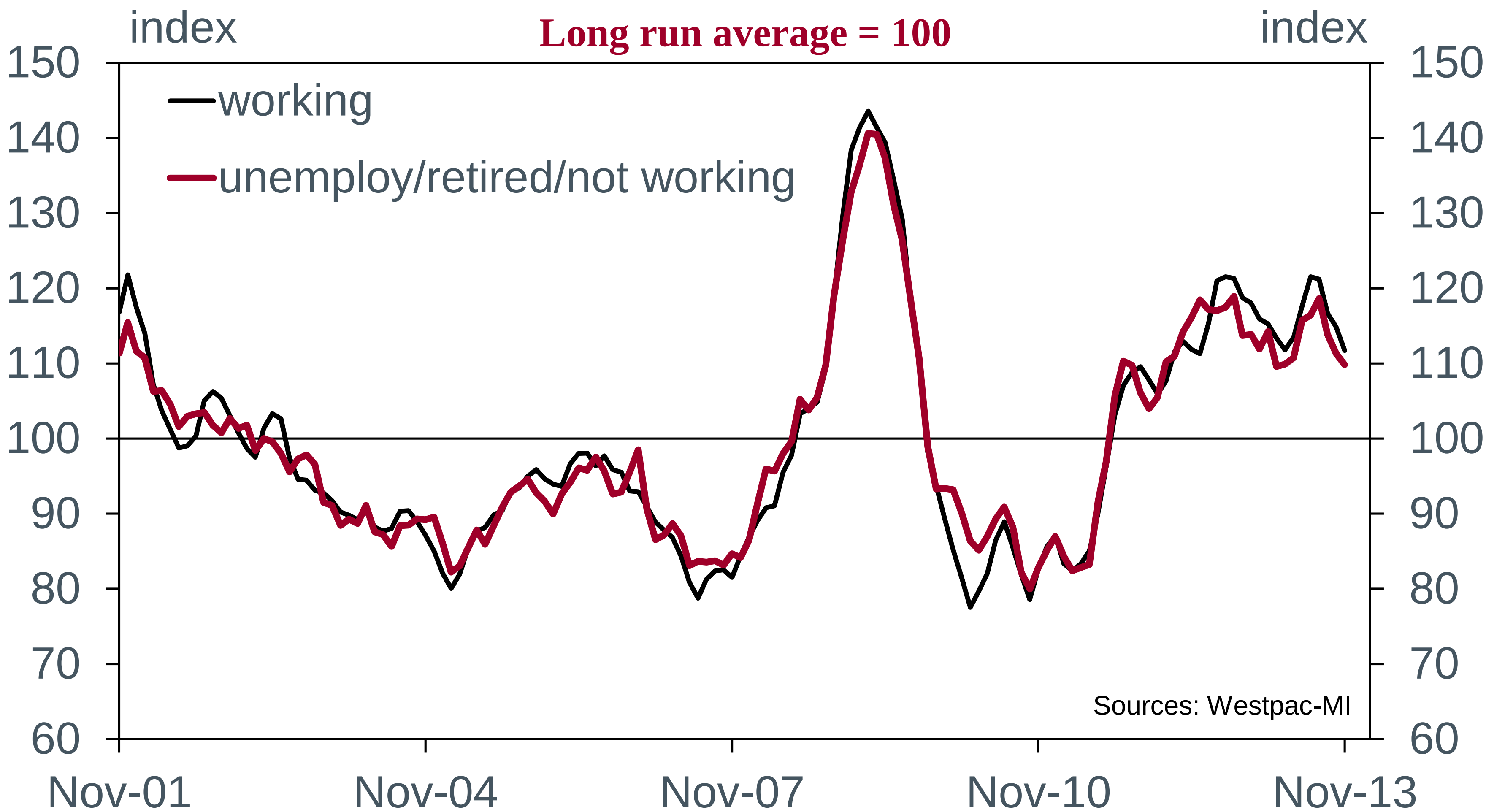
Those working a smidge more more worried



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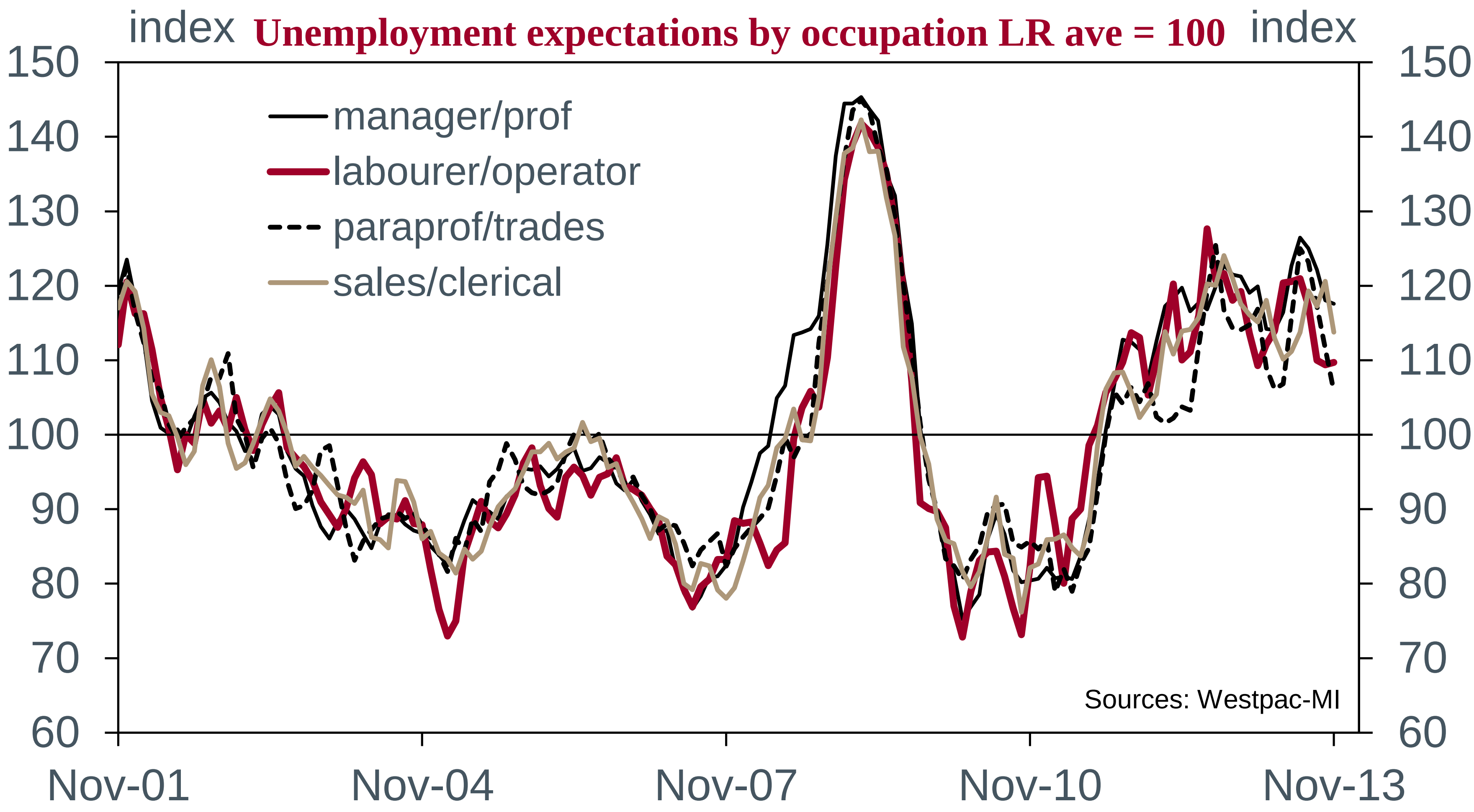
Para & trade expectations are the strongest



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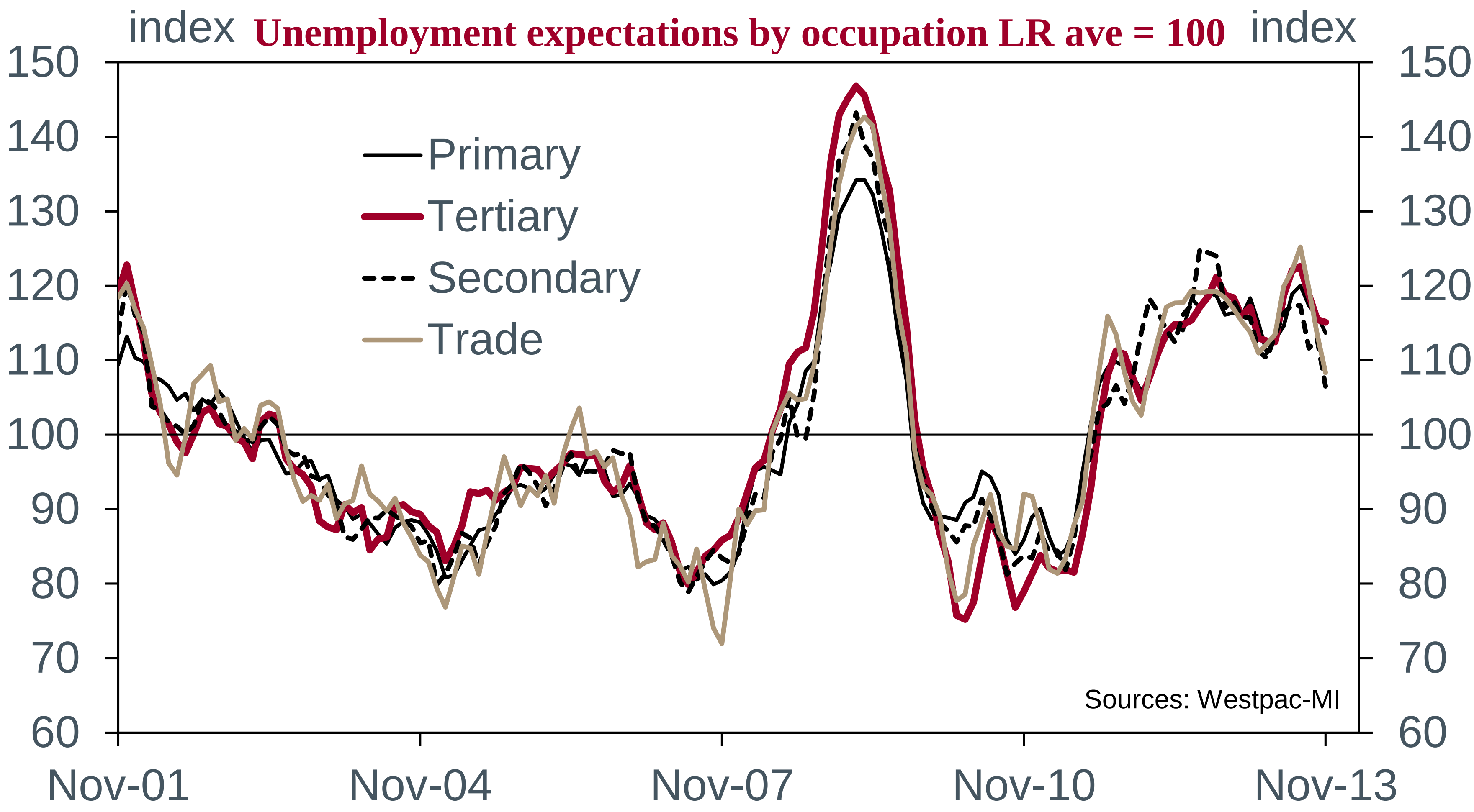
Convergence by sector on lower expectations…



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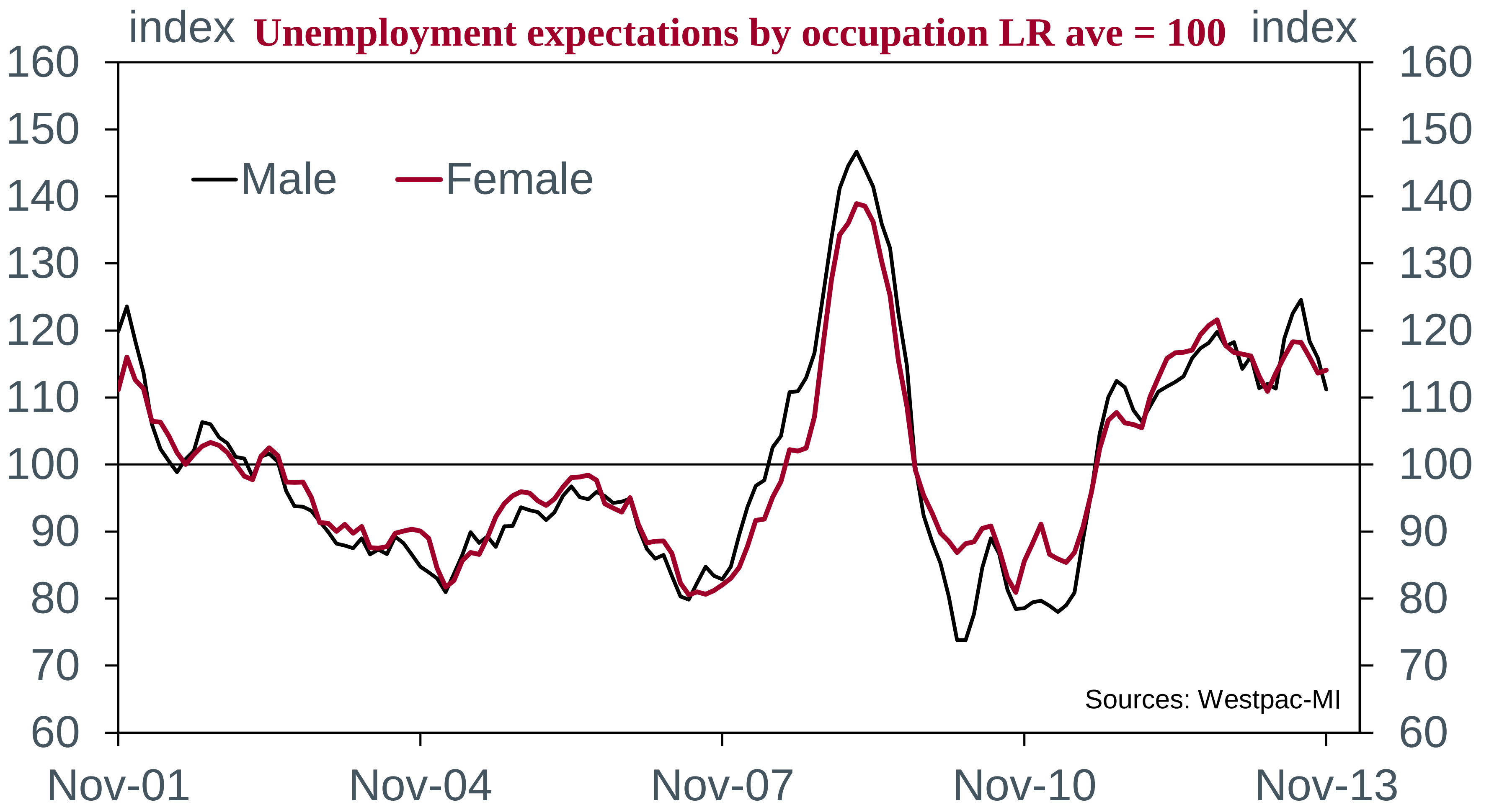
…and by gender.



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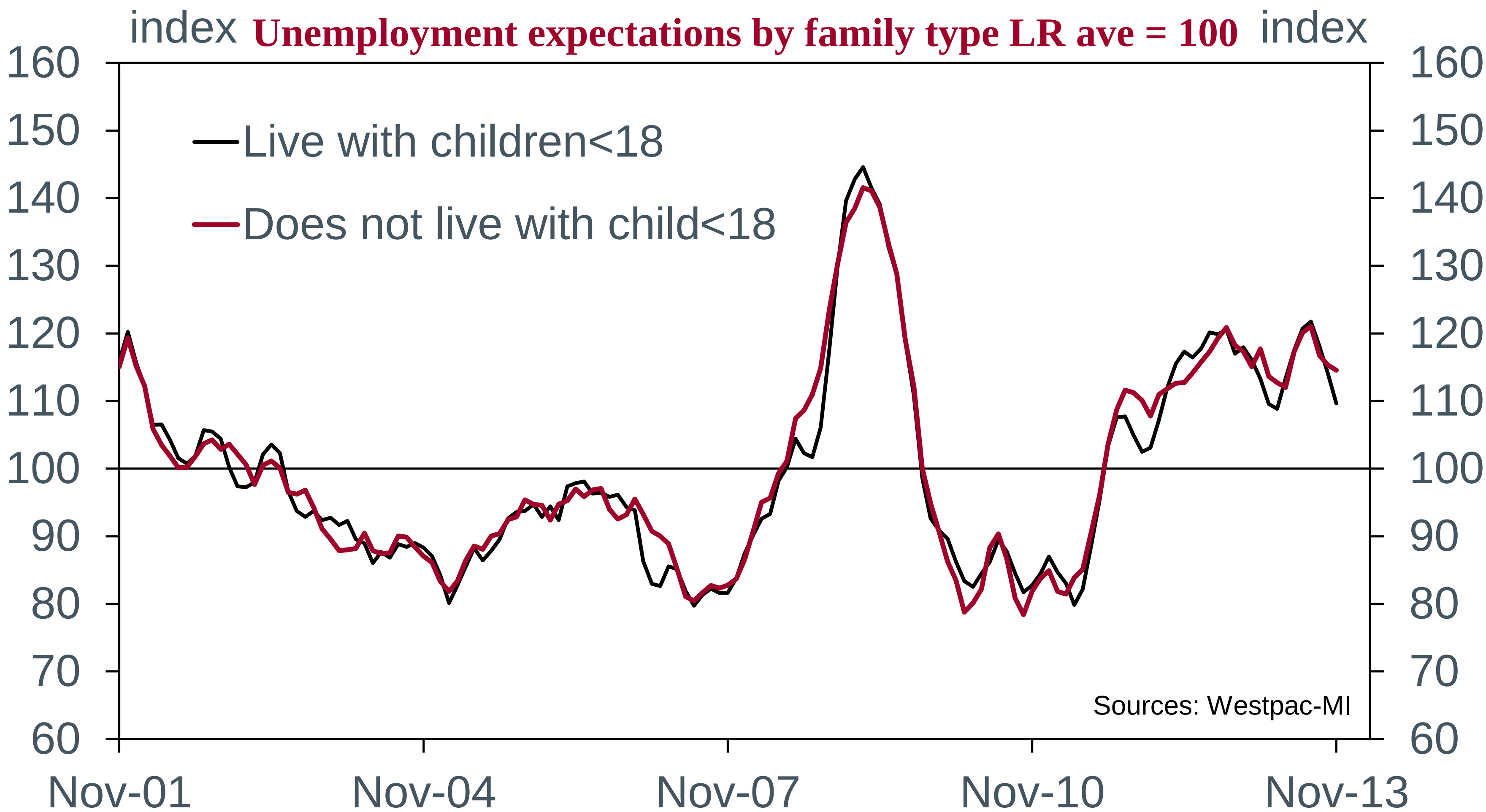
Living with kids a touch more confident…



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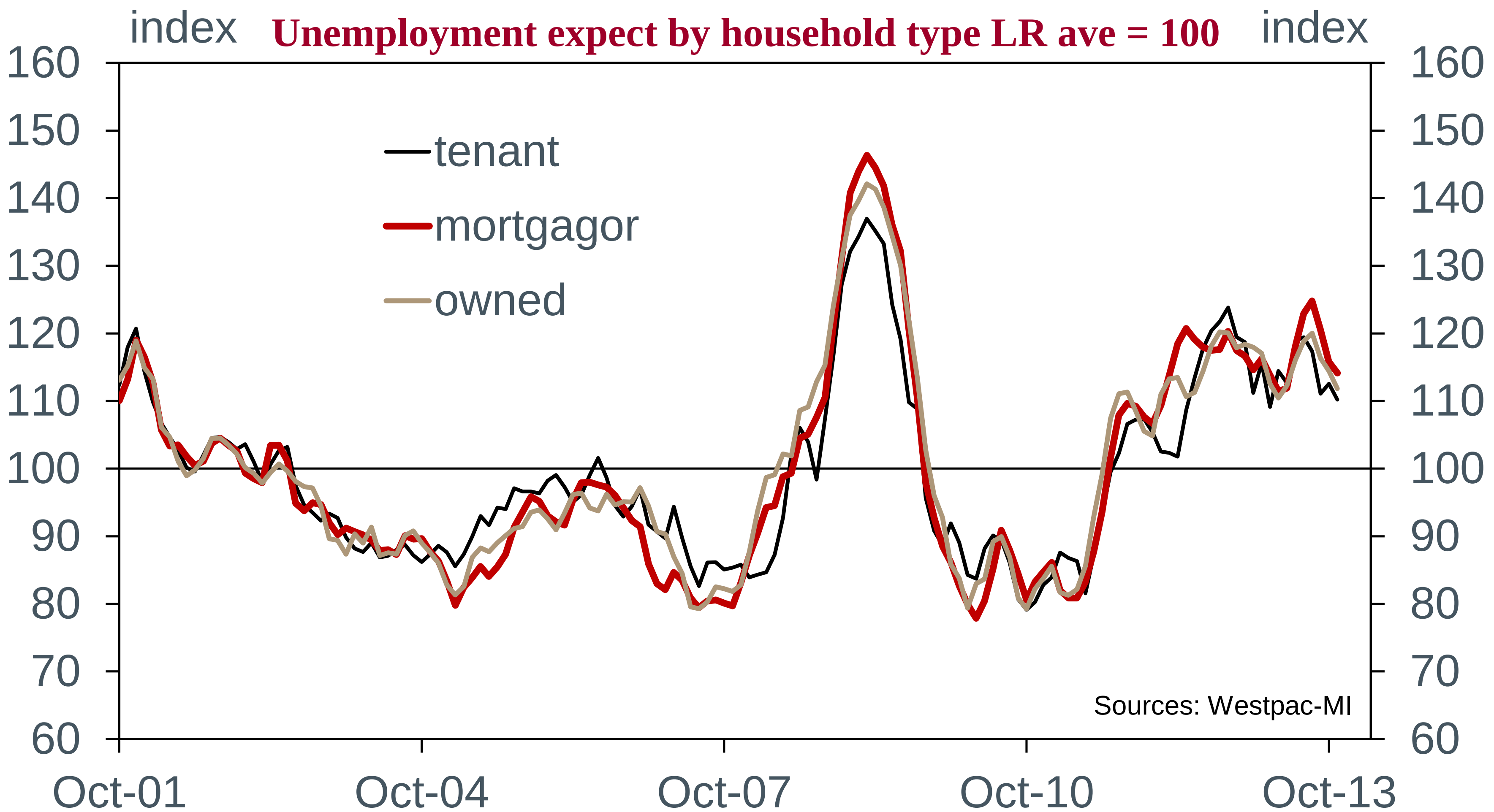
…mortgagors only slightly more pessimistic.



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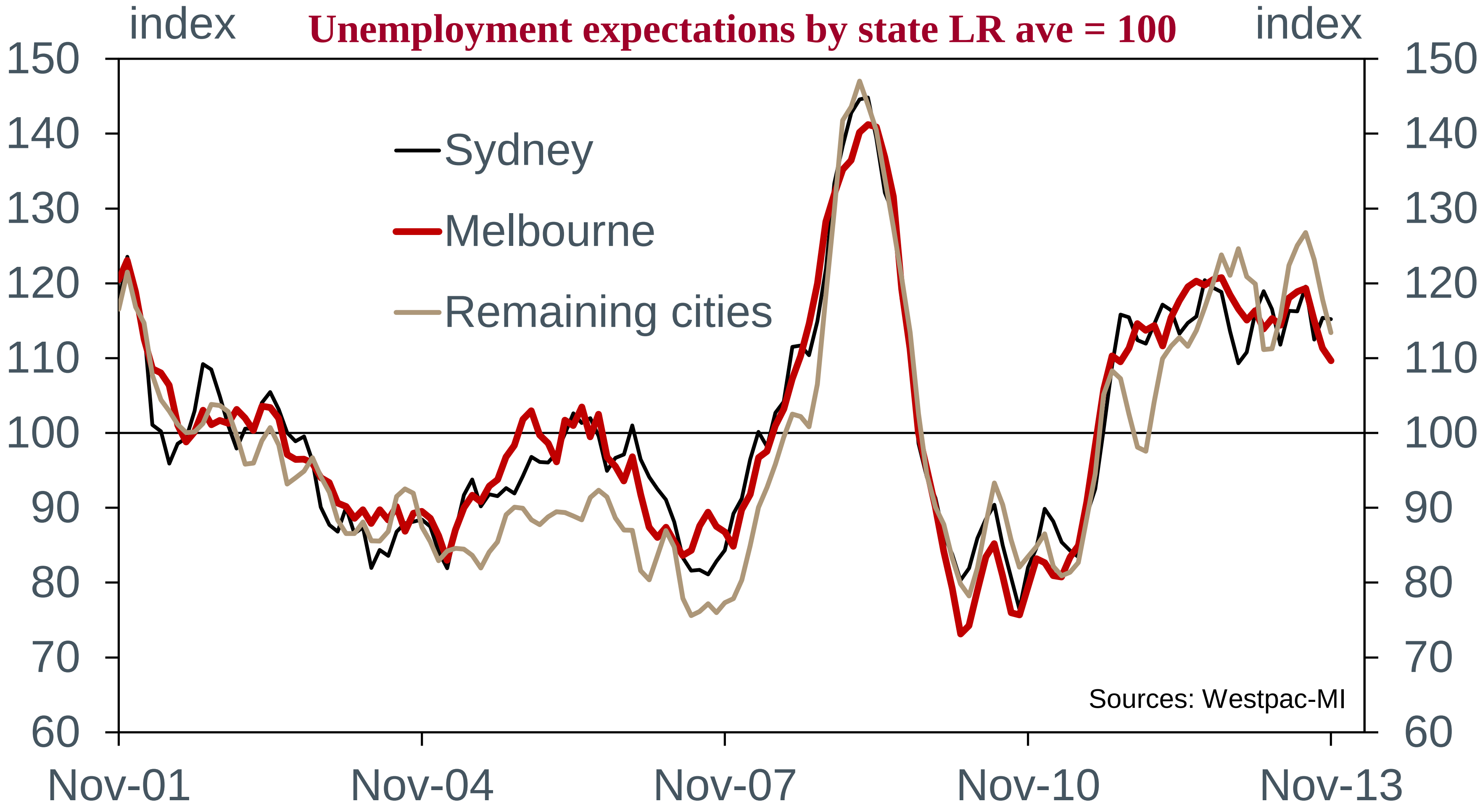
The smaller cities gain the most...



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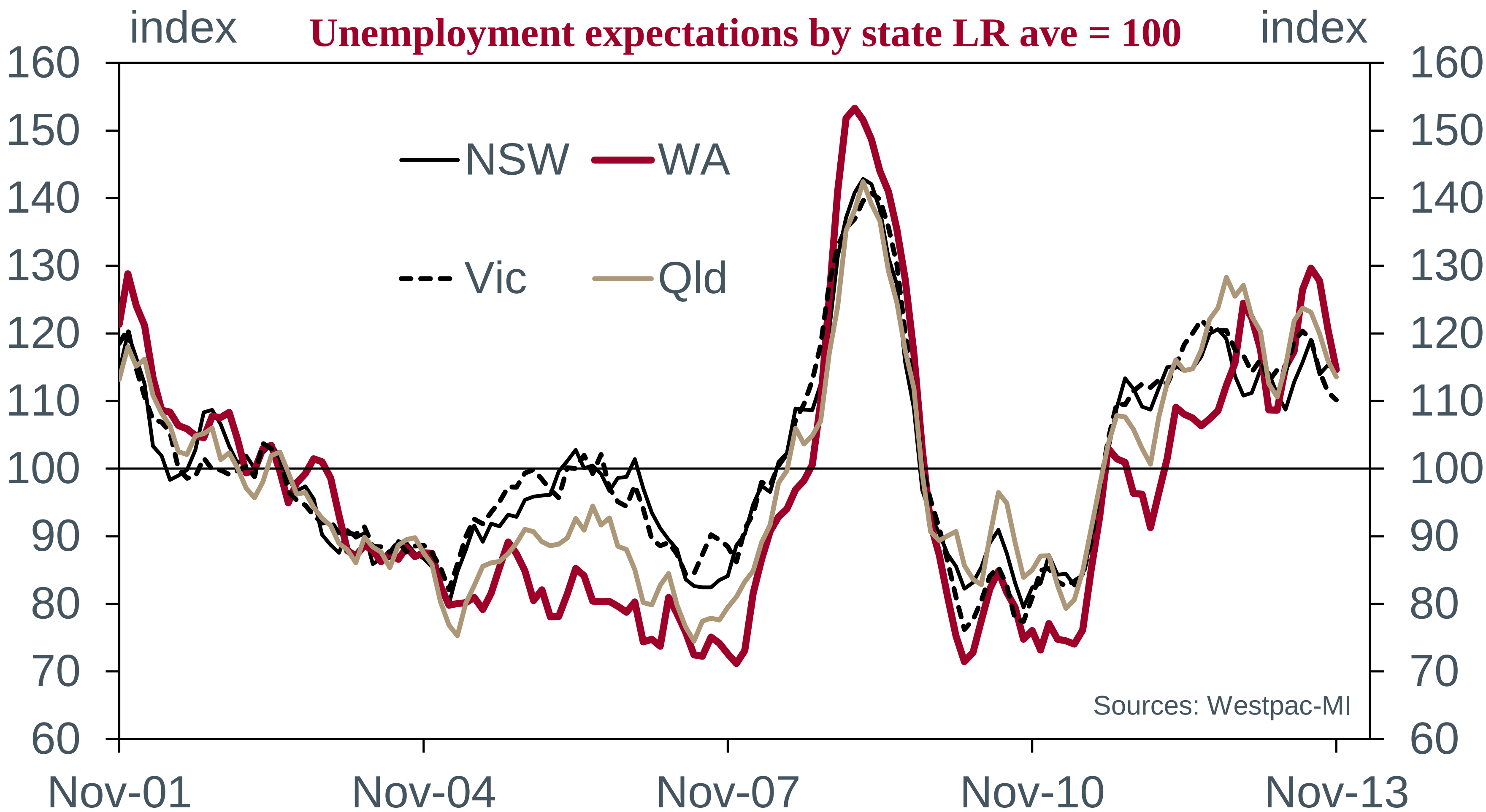
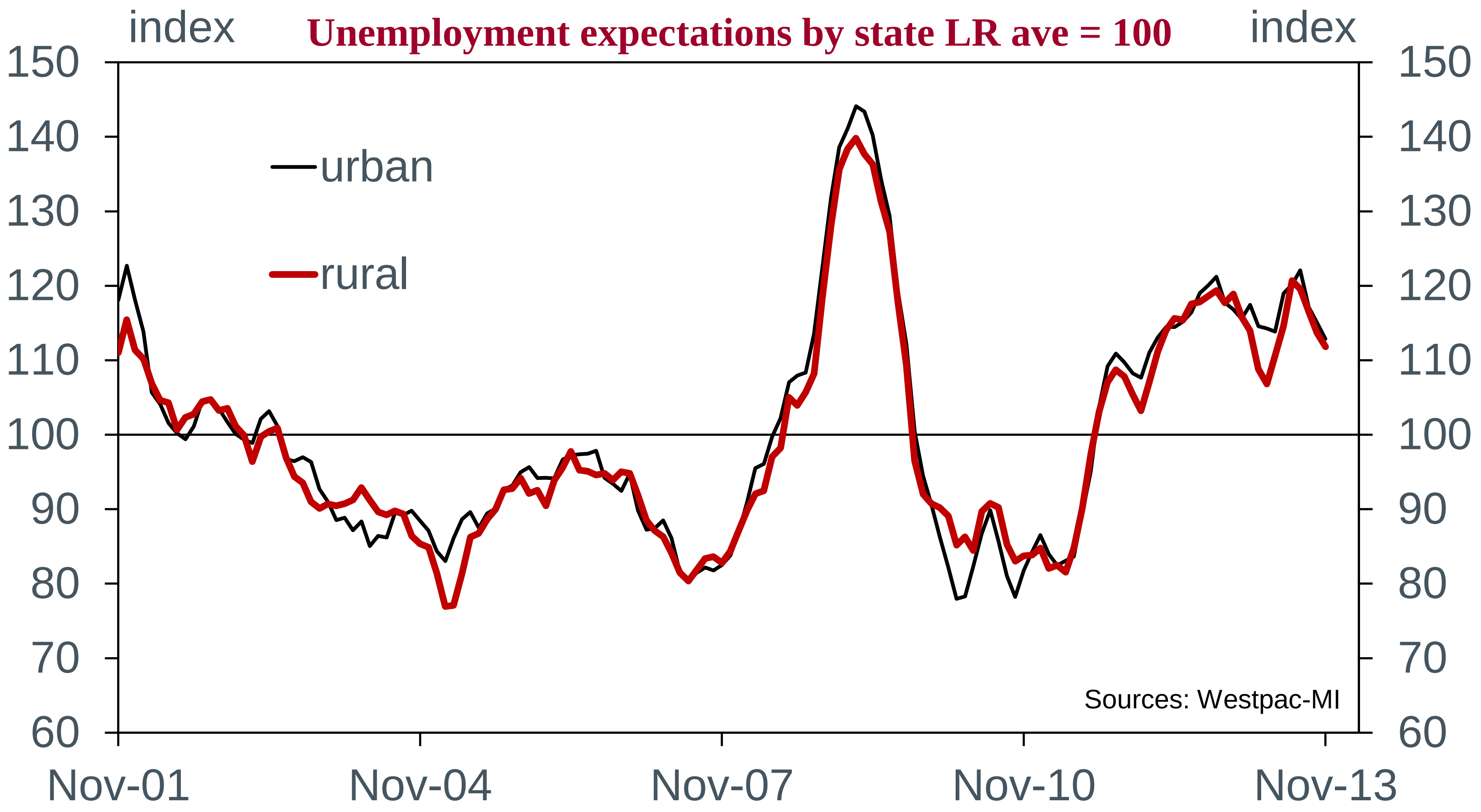
…WA improving, now = to Qld & NSW…



…& rural areas differ little from urban.



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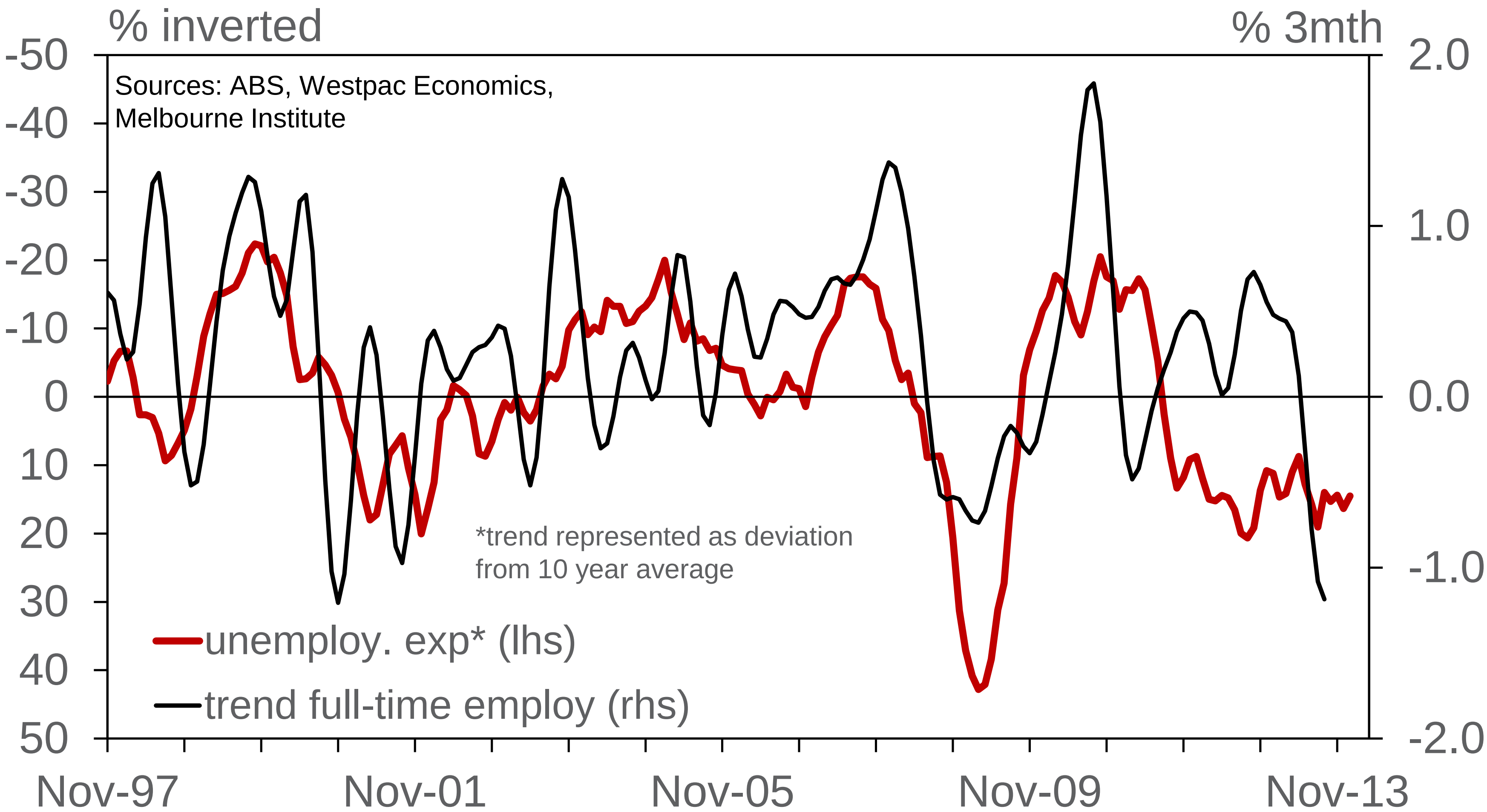
NSW full-time has fallen below expectations…



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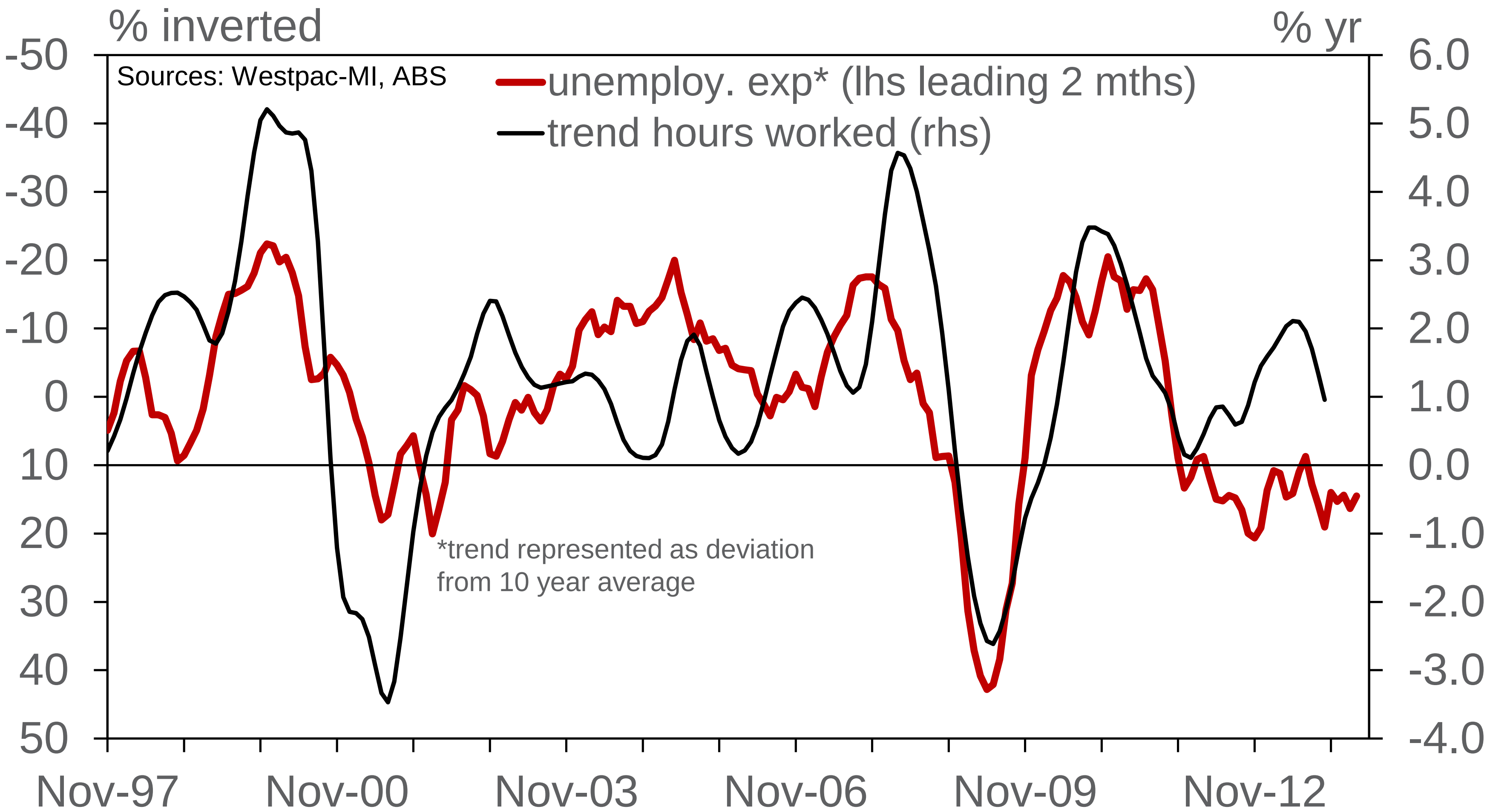
…but NSW hours worked more robust.



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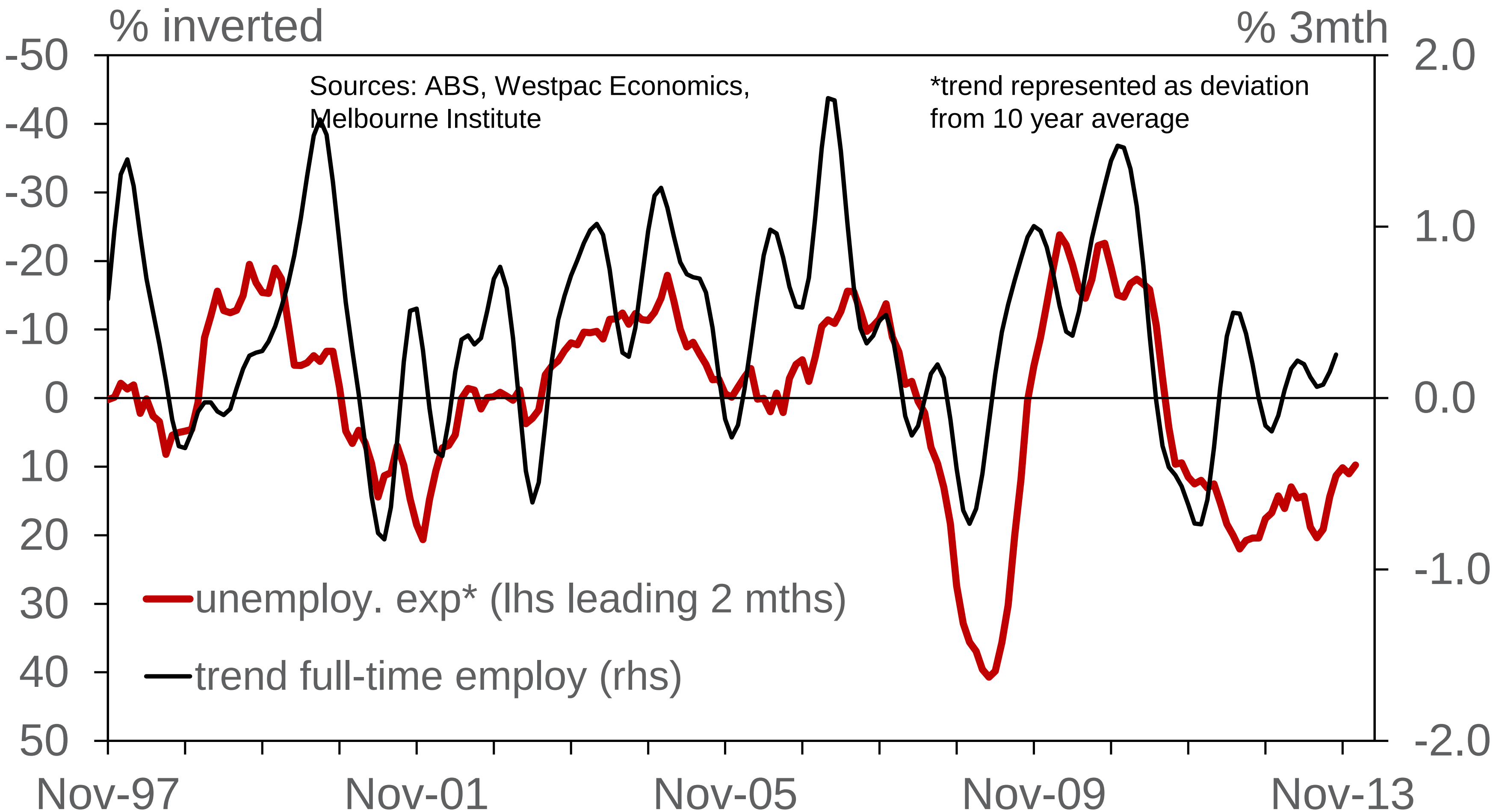
Vic expectations still weaker than employment…



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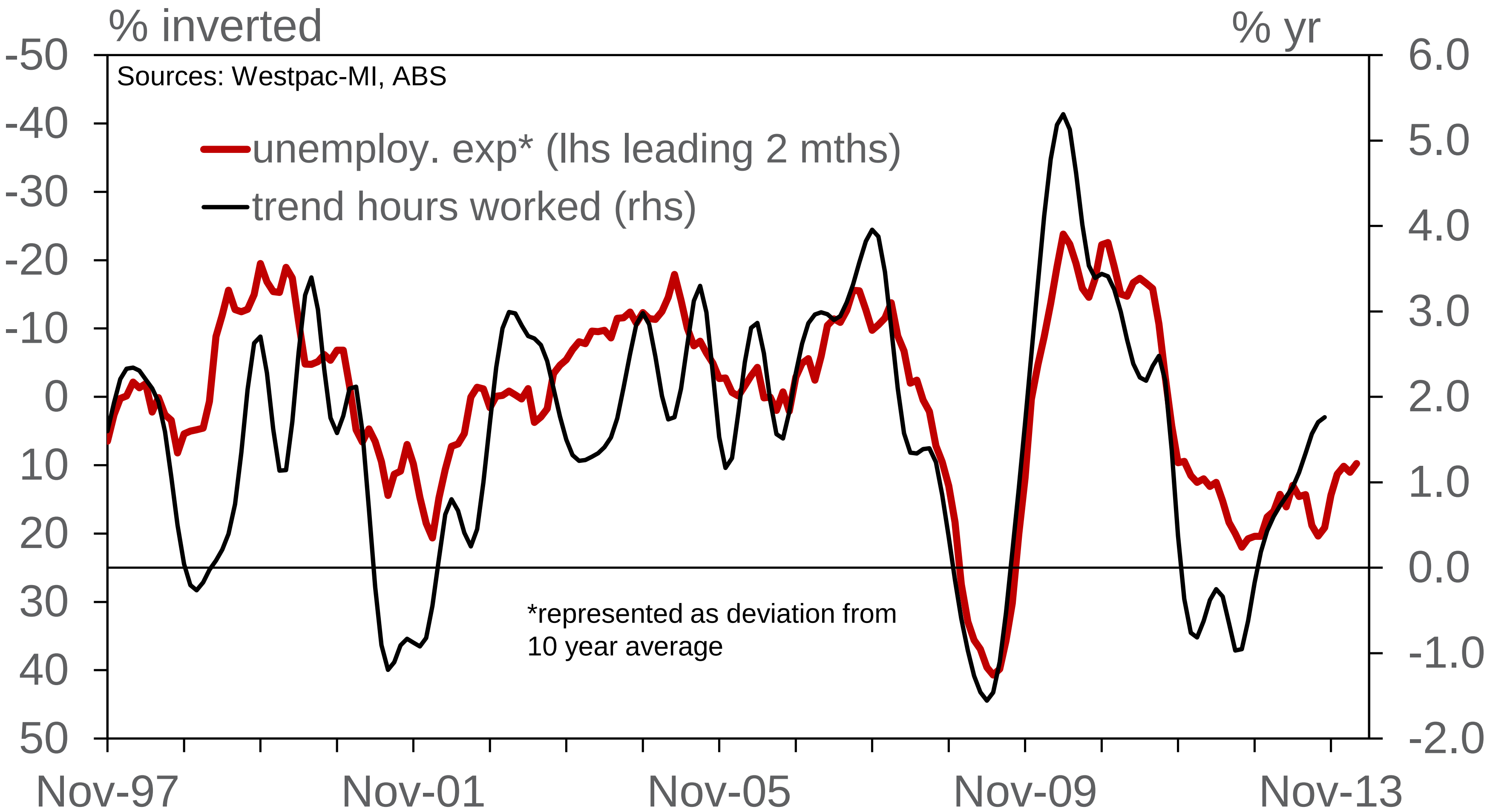
…as it is for Vic hours.



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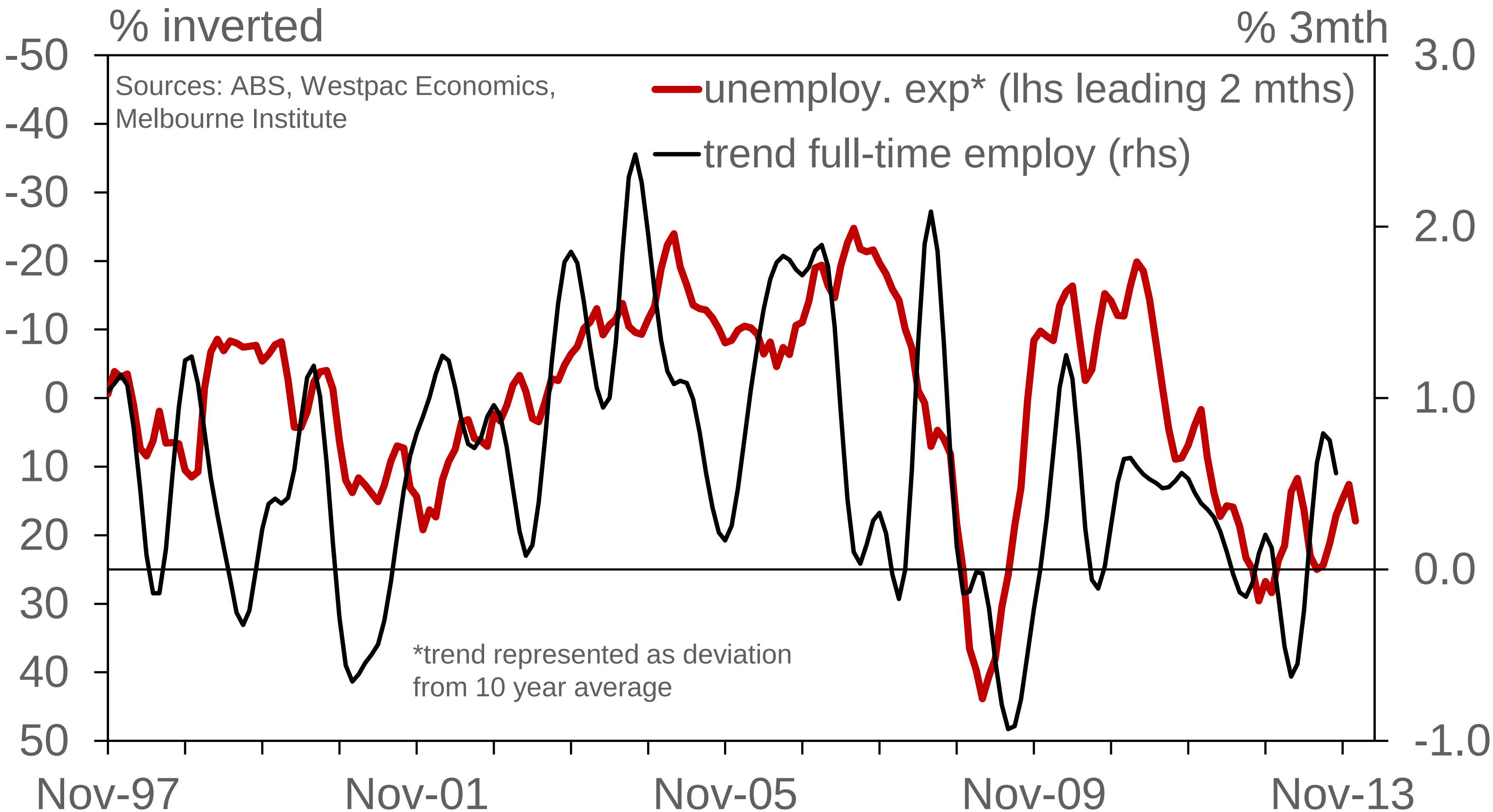
Qld jobs jumped ahead of expectations…



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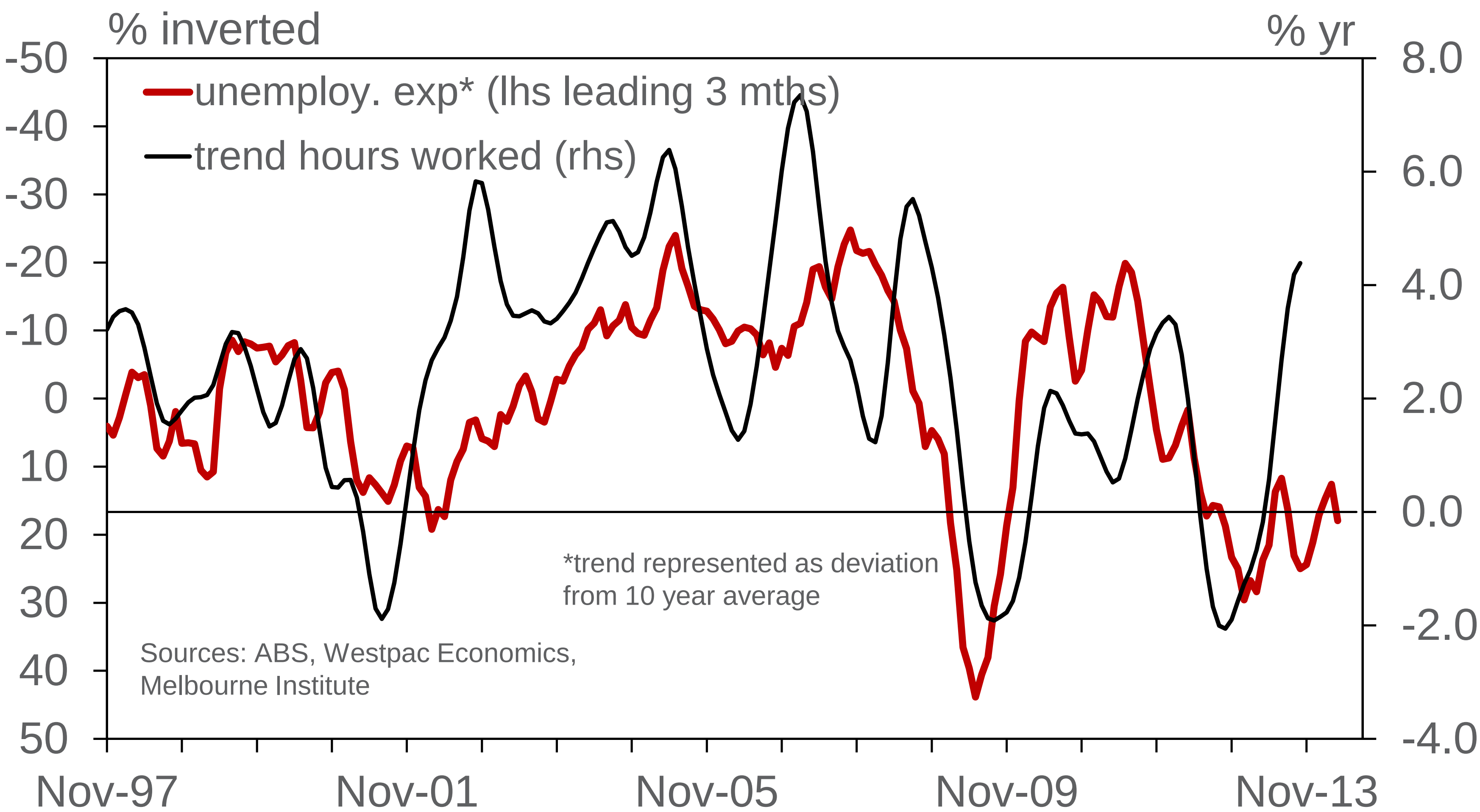
…& Qld hours worked surge.



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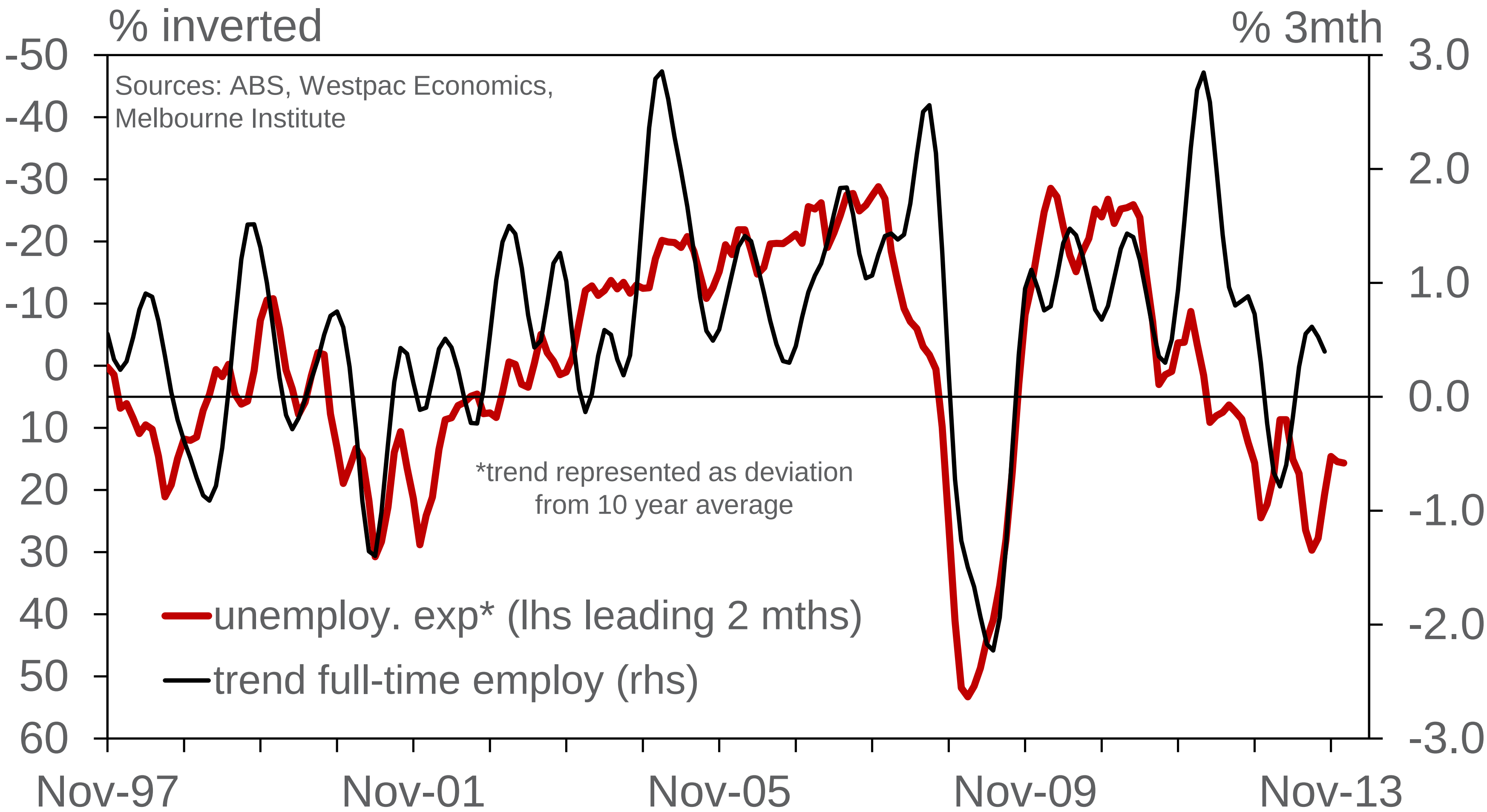
WA expectations on a downwards trend…



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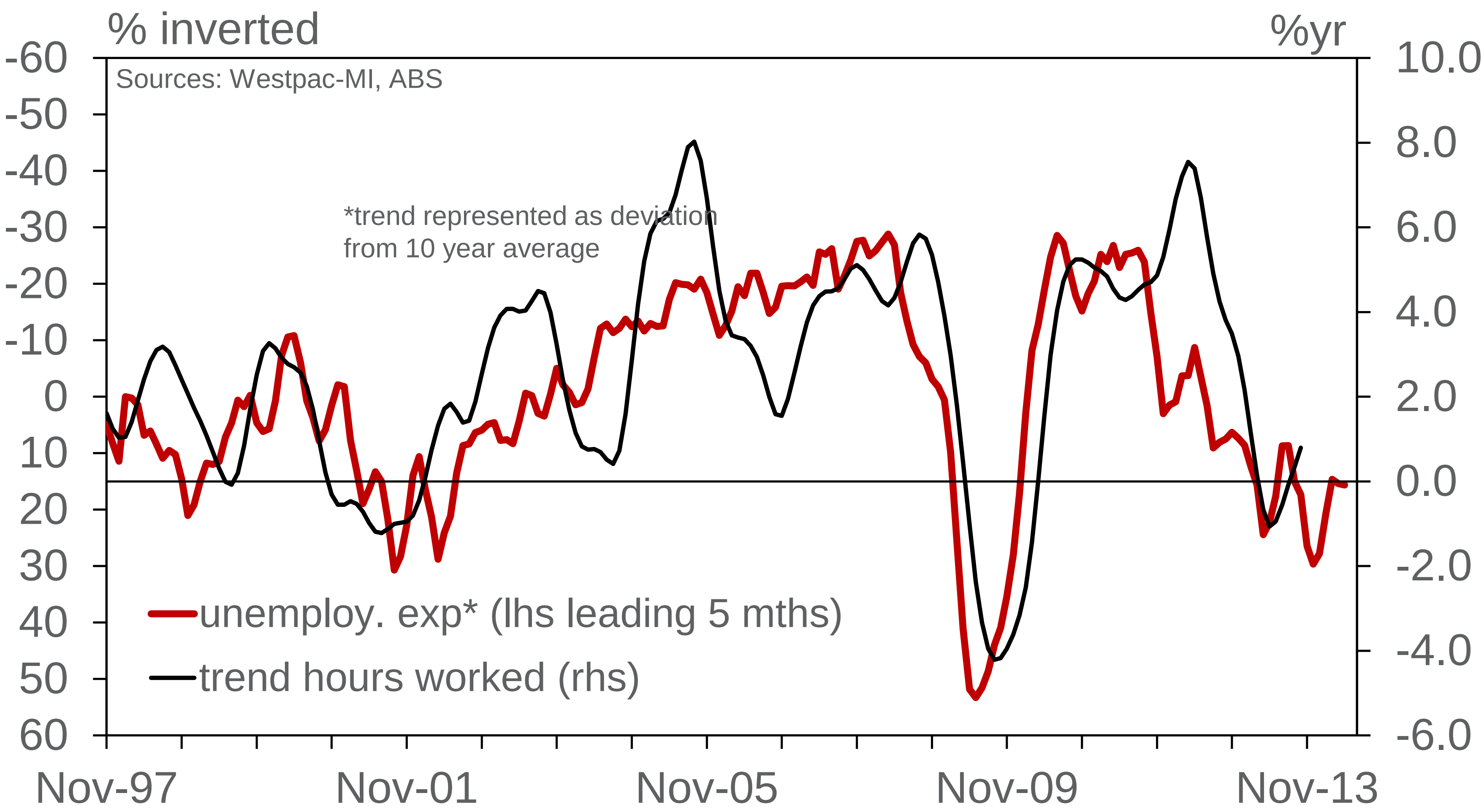
…consistent with weaker WA hours worked.



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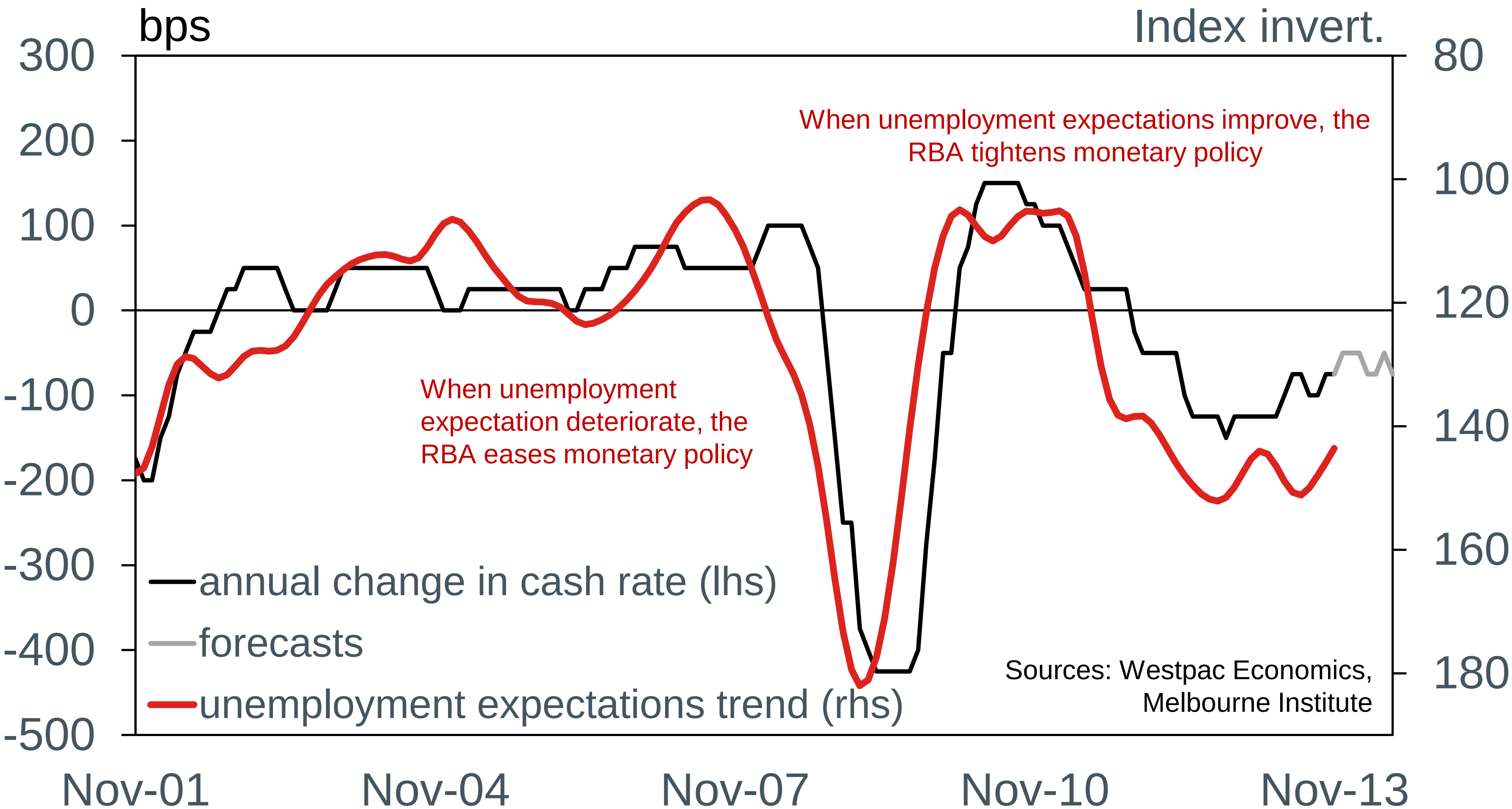
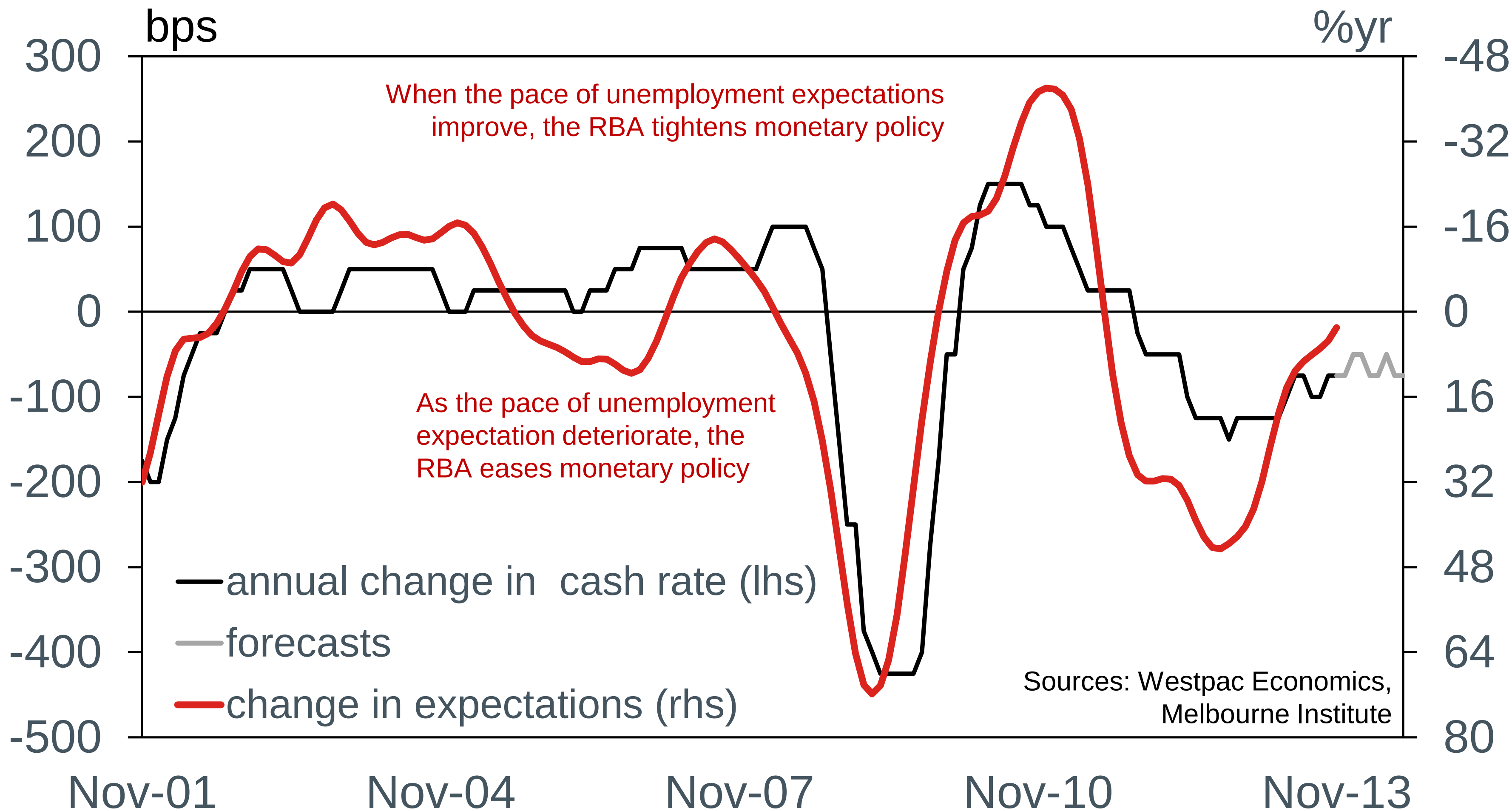
Job worries are key to rate cuts…



…and the negative pressure has eased.



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