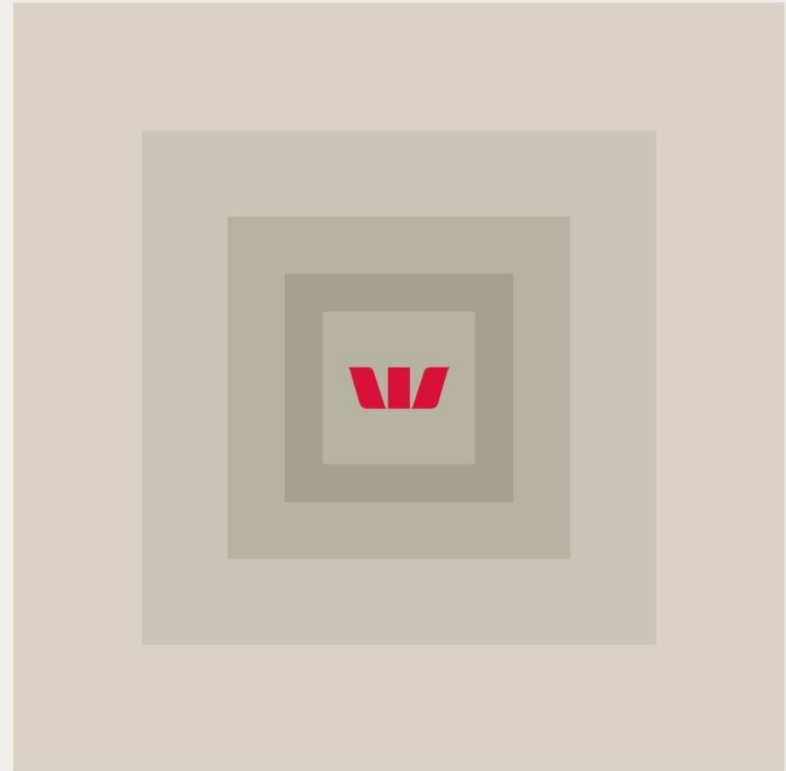


# Westpac Melbourne Institute Consumer Sentiment

Unemployment expectations  
chart pack.

**March 2014**



# Westpac – Melbourne Institute

## *Consumer unemployment expectations*

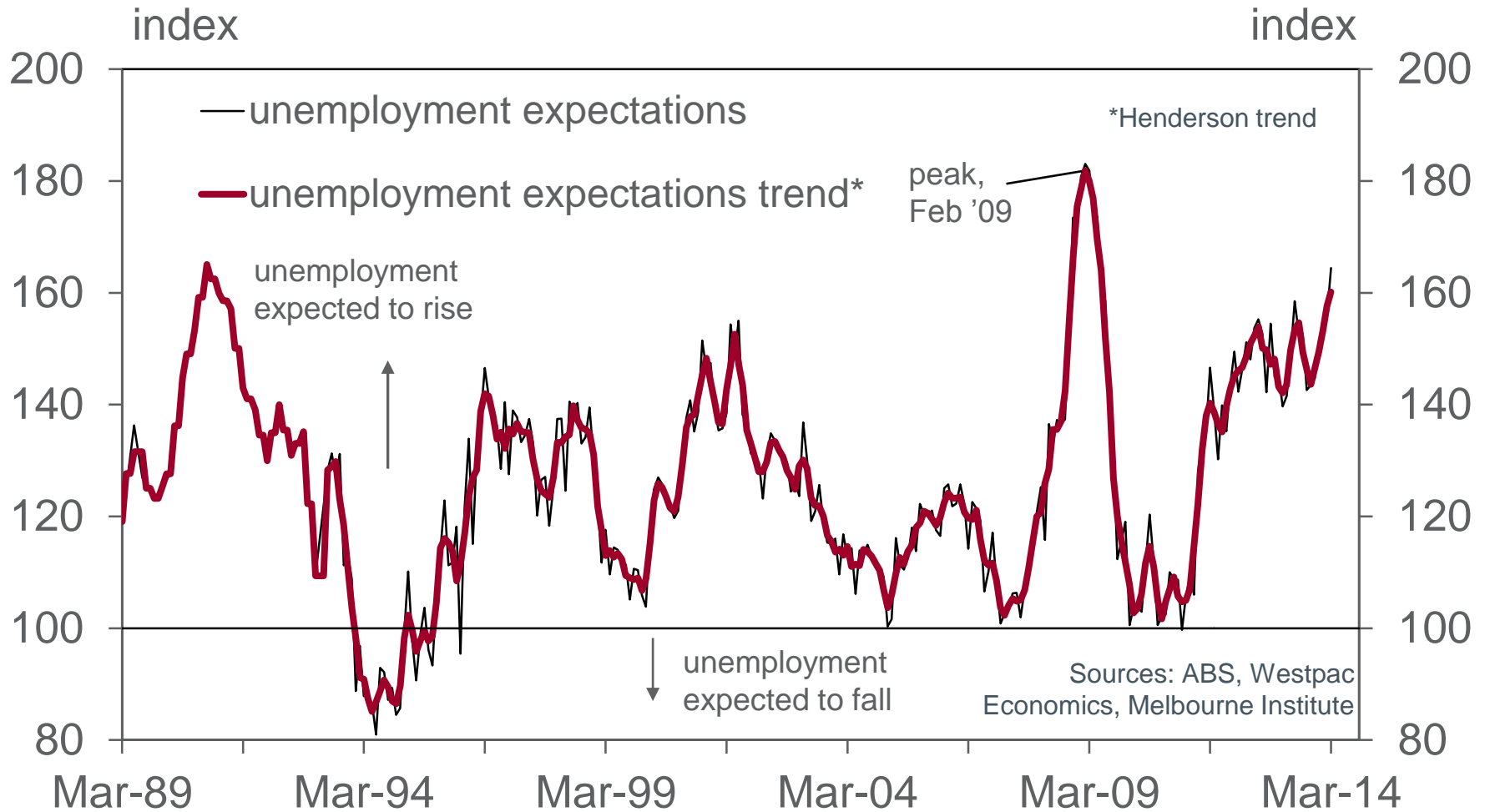
- The unemployment expectations index rose 5.5% in Mar following a 2.3% gain in Feb and a flat print in Jan (+0.7%). So far this year the index has lifted 8.6% and is 17.7% higher in the year.
- The index is now at its highest level since May 2009 which was in post GFC washout. More critically, Jun 2013 was looking as it was going to be the peak of this cycle but that has not been so. We have seen three “local maxima” in this cycle and Mar 2013 is currently the high point.
- From a Sept 2013 low, the index is up 15.3% taking the annual rate of growth from –8.2% to 17.7% in Mar.
- We now have a decidedly pessimistic trend suggesting that households are getting increasingly anxious about the jobs outlook. The widespread reporting of the closures of Holden, SPC, and Toyota manufacturing, and the uncertainty surrounding the timing and magnitude of the jobs cuts at Qantas, would not have helped.

# Westpac-Melbourne Institute

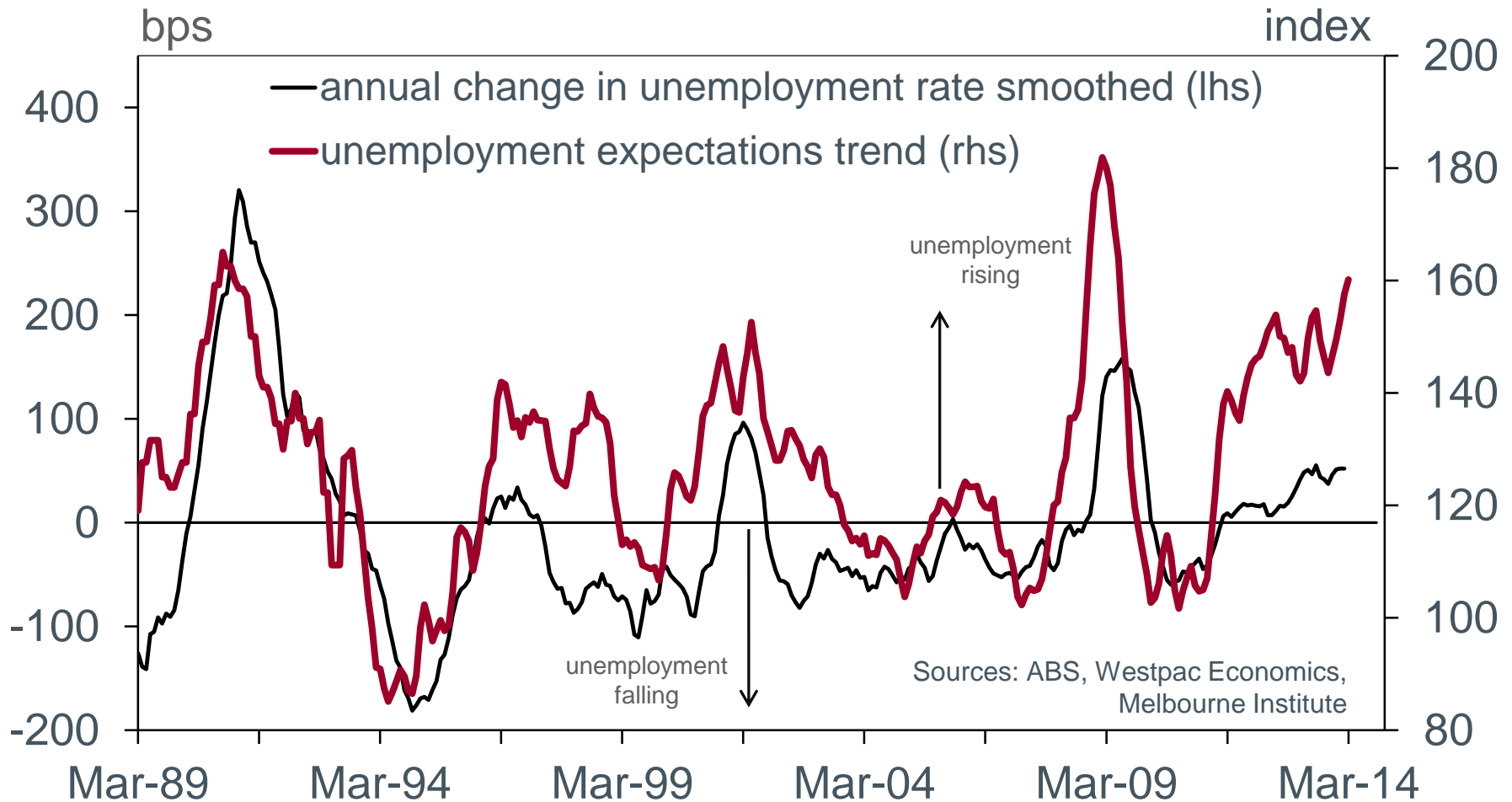
## *Consumer unemployment expectations (cont)*

- **Worth noting is that the index trend is now 25% higher than its 10 year average. This is consistent with the observation that employment growth is underperforming relative to population growth. As such, it is likely that the employment to population ratio will push lower and that we are unlikely to get a sustained near term lift in full-time employment.**
- **The worries of paraprofessional/trade & sales/clerical are surging while men remain more worried than women. It is interesting that tenants are more worried than other types of residential status.**
- **While unemployment expectations are rising in all states, WA stands out as being the most worried about jobs compared to their long-run average.**

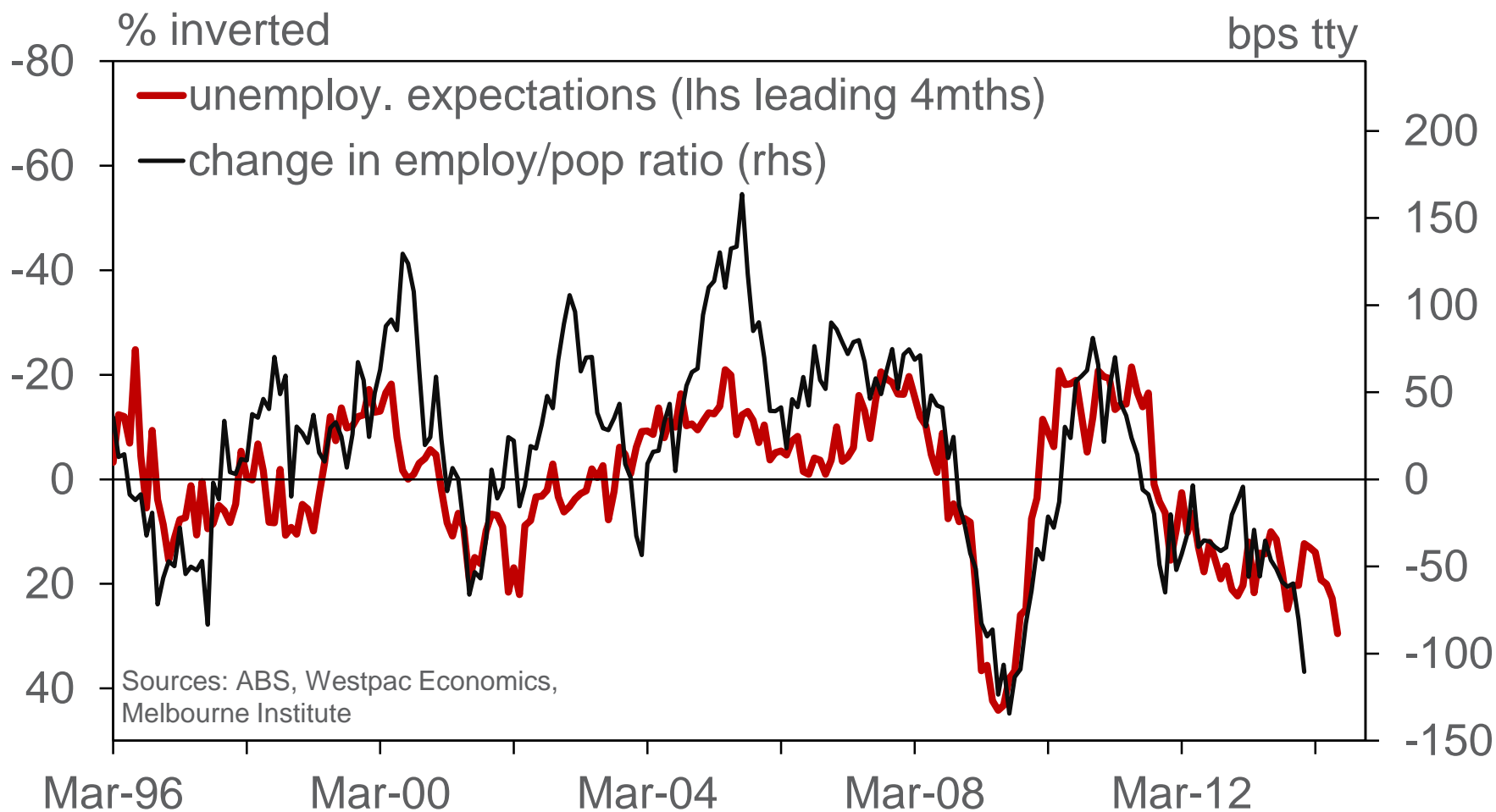
# A triple top on labour market concerns...



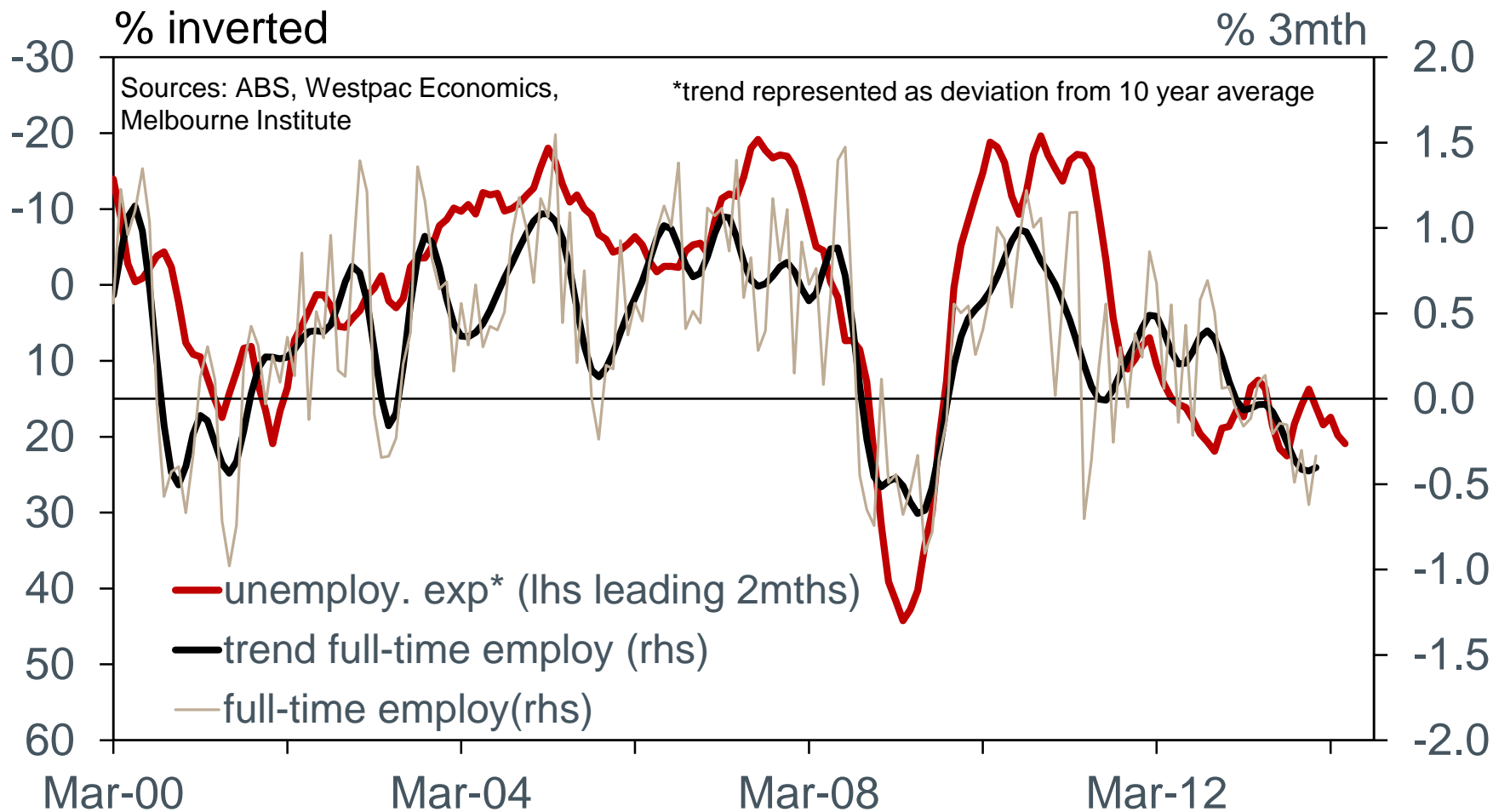
# ...pointing to upside risks for unemployment...



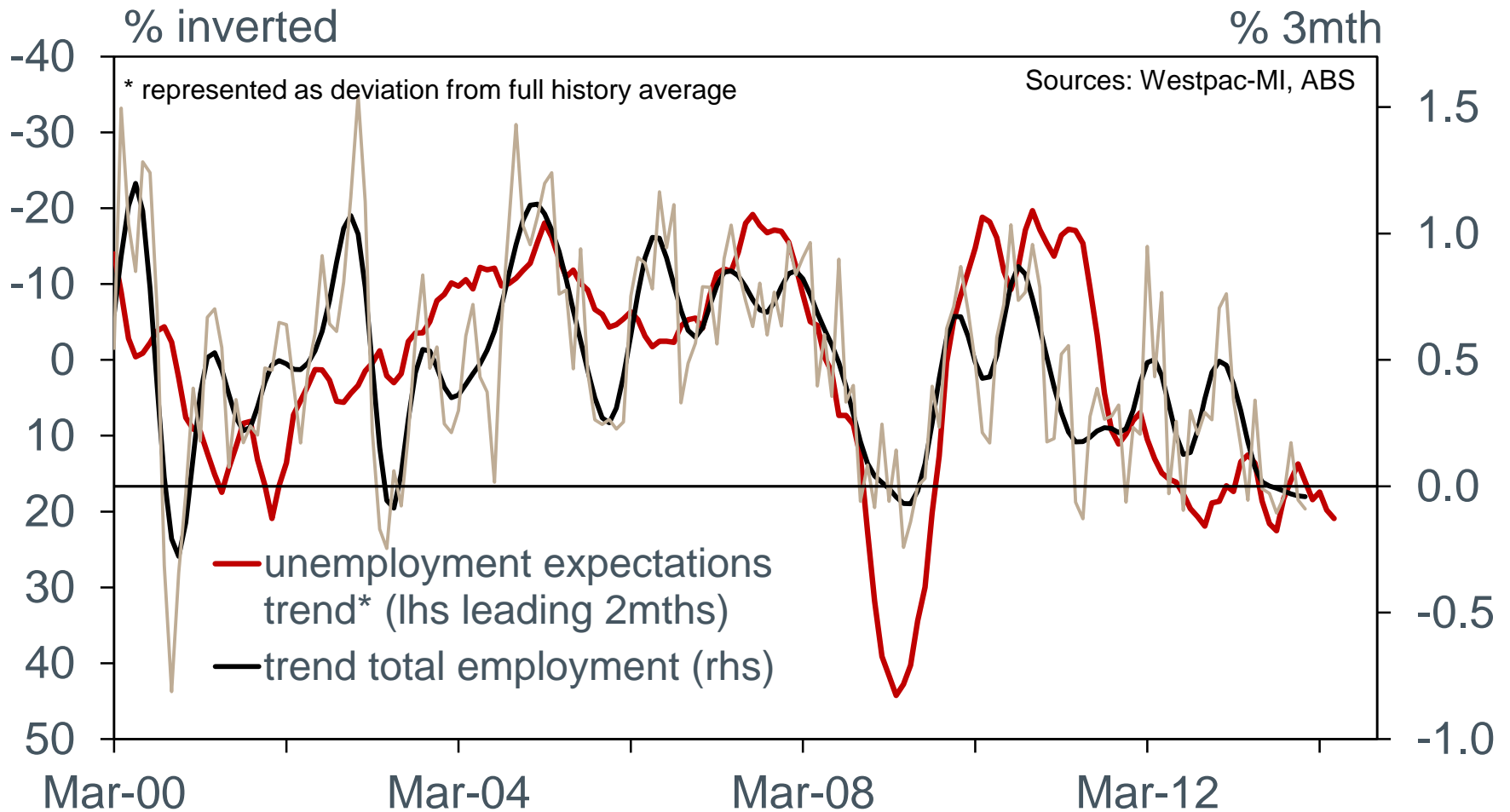
# ...as employment lags population growth...



# ...and full-time employment contracts...

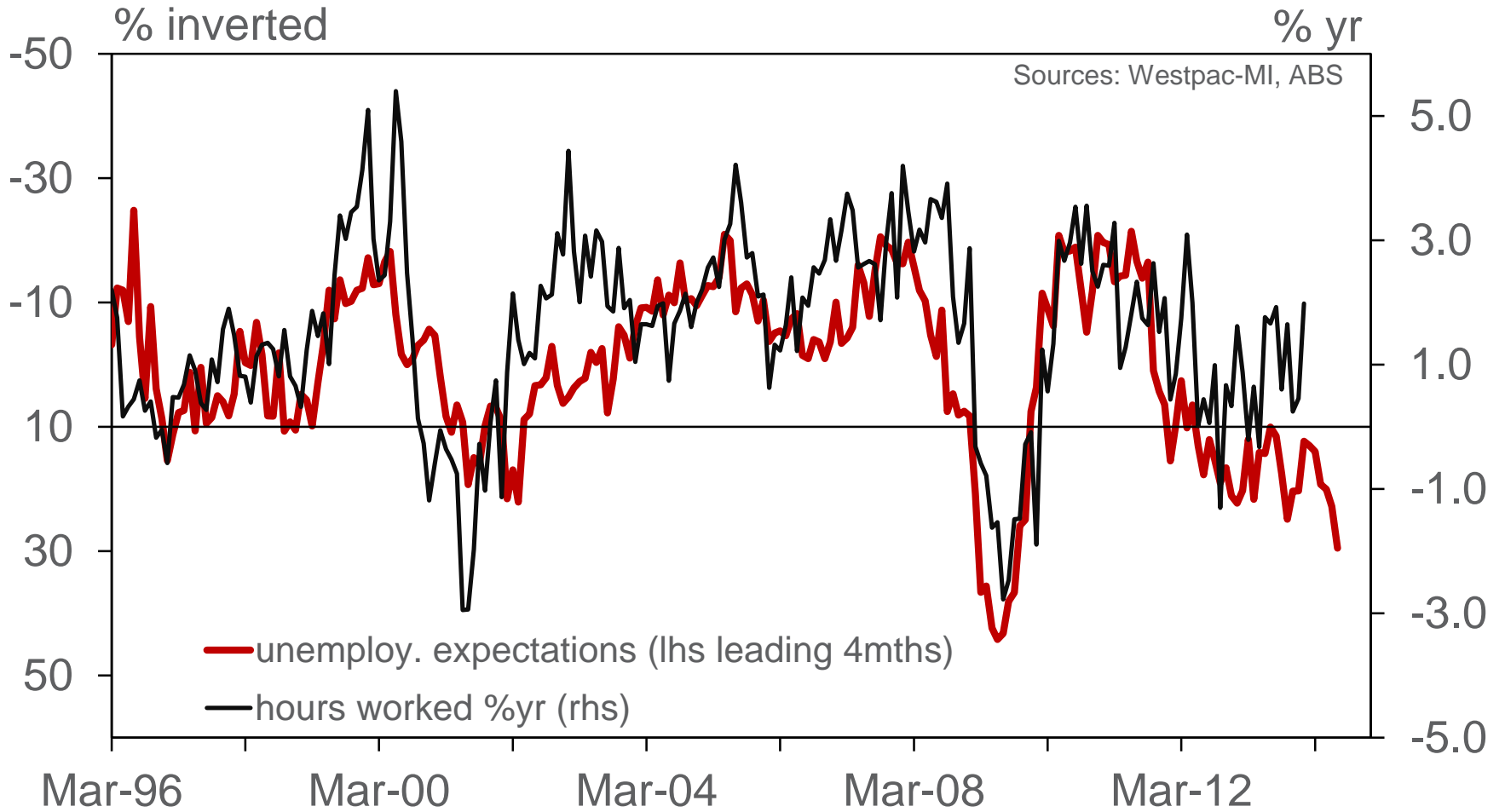


# ...remaining a drag on total employment.





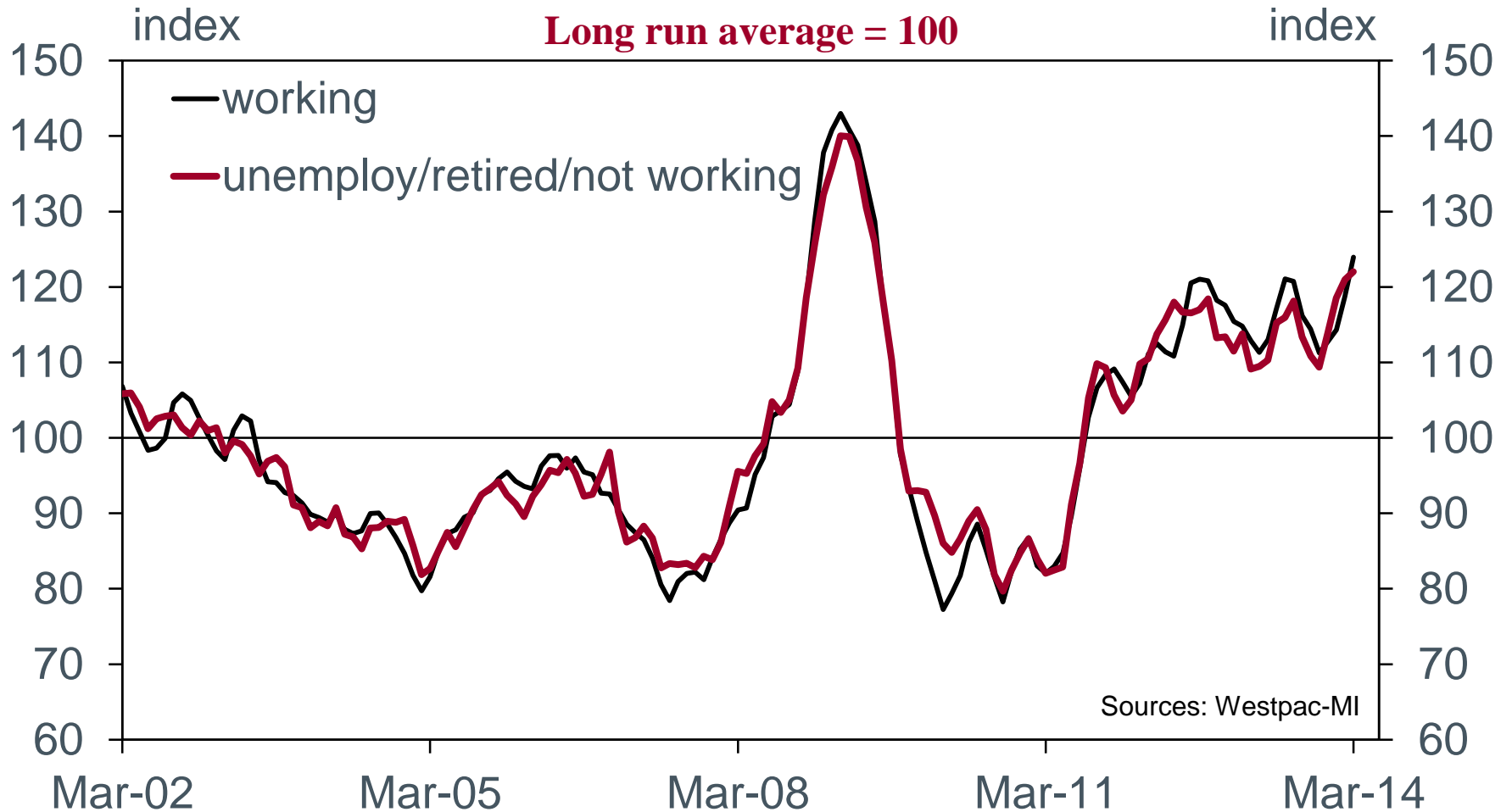
# Employers have preferred to lift hours worked...



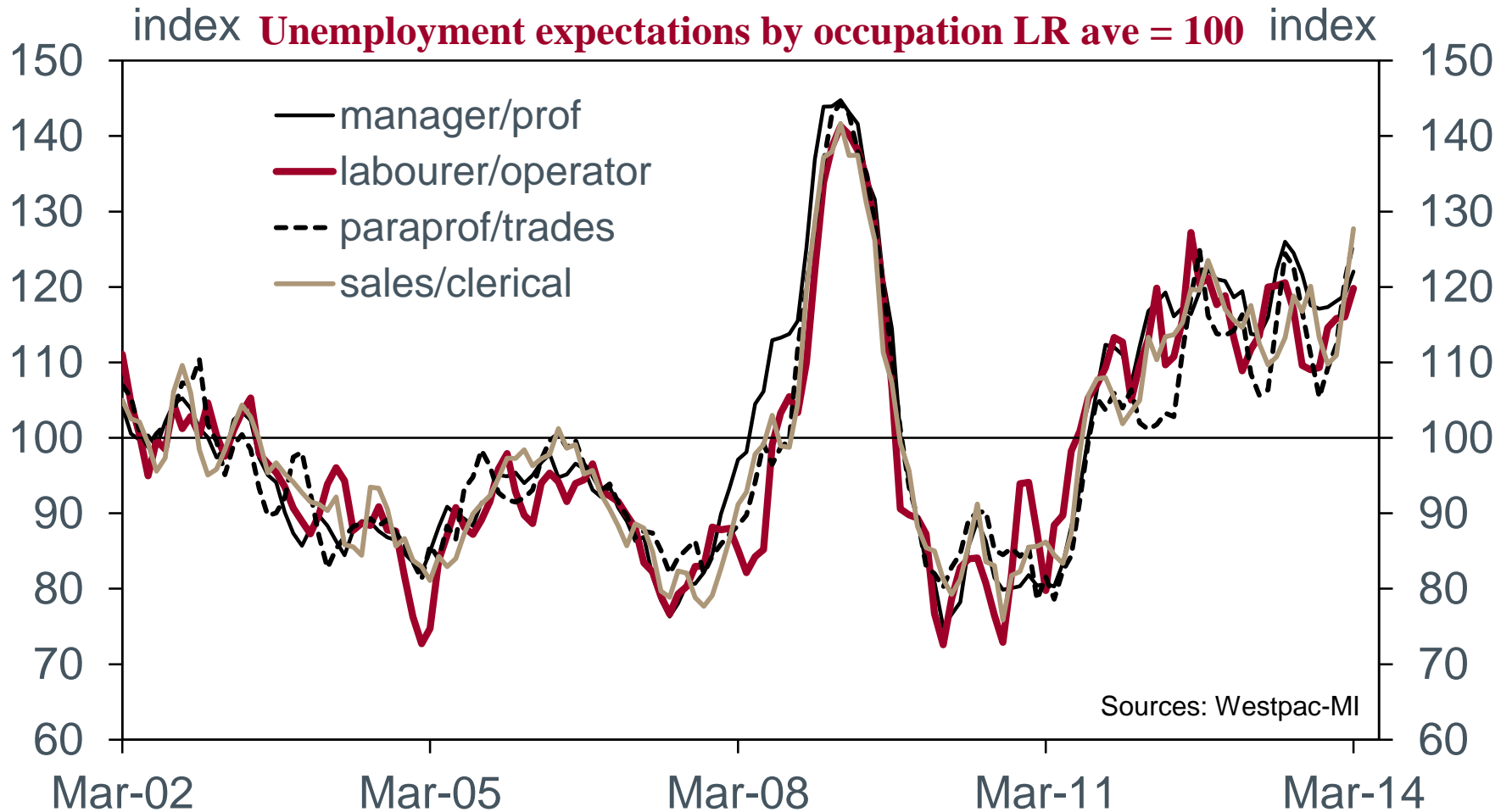
# ...and have done so again at the start of 2014.



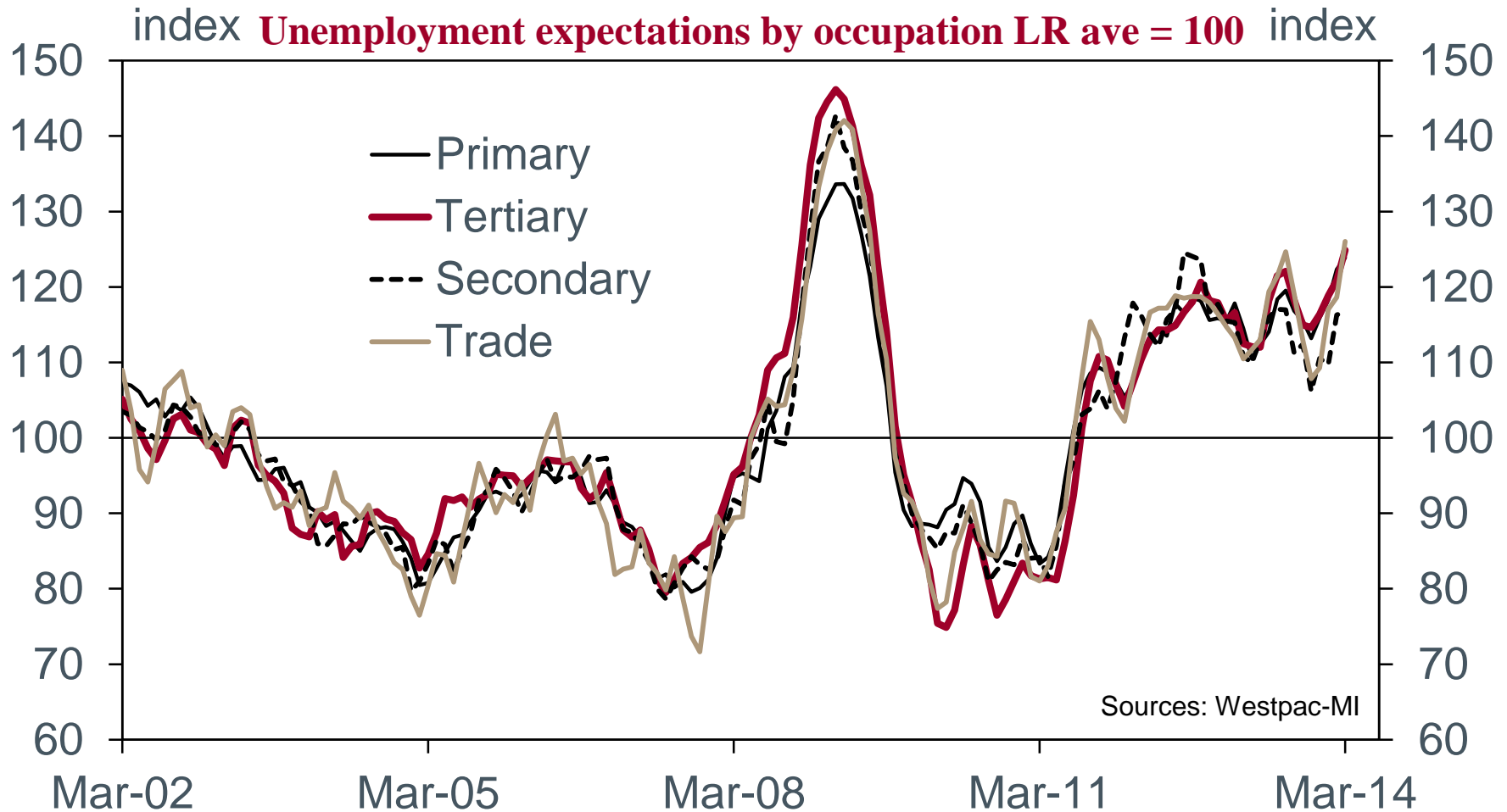
# Those working slightly more worried



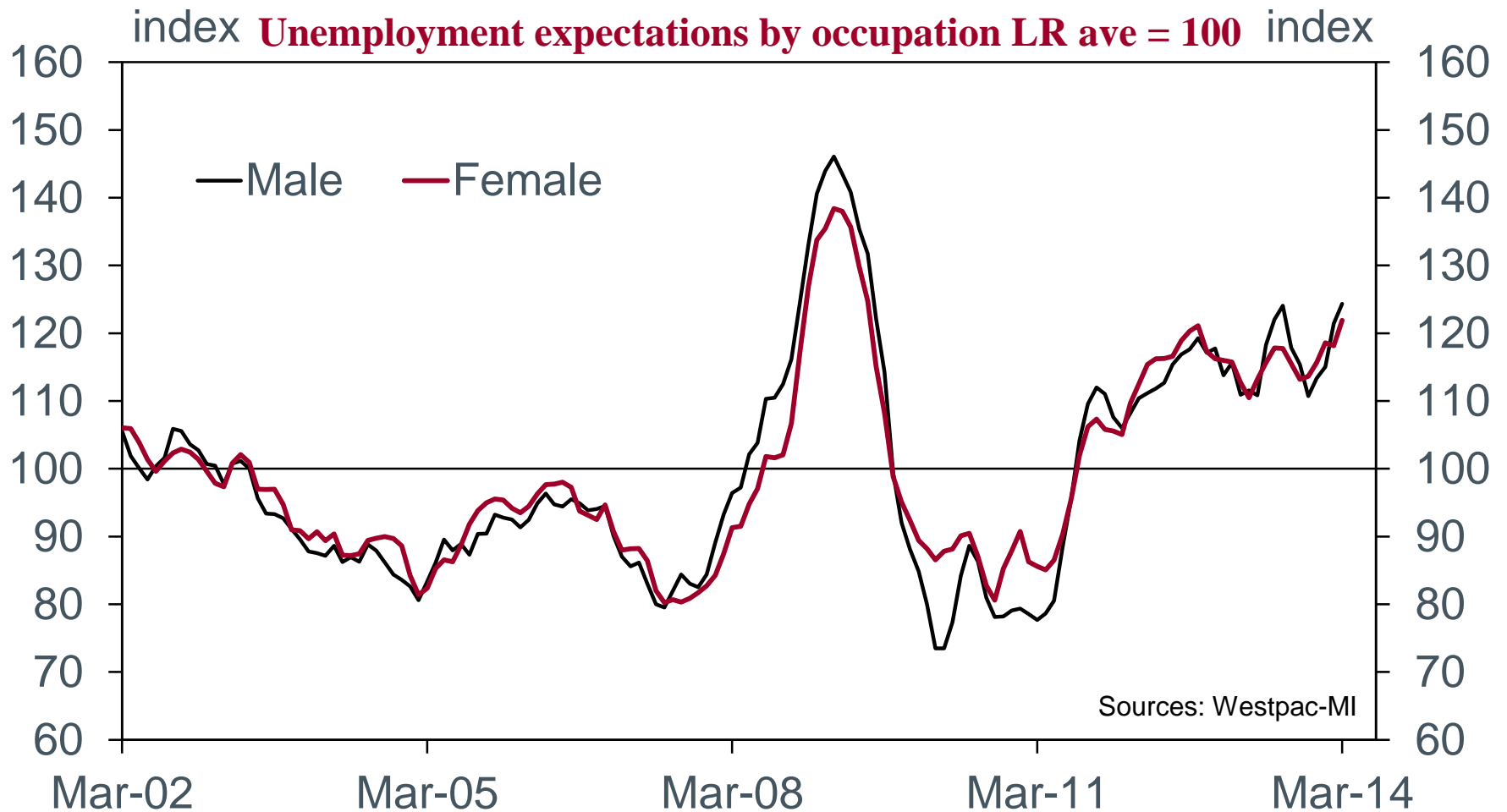
# Rise in para/trade & sales/clerical continues...



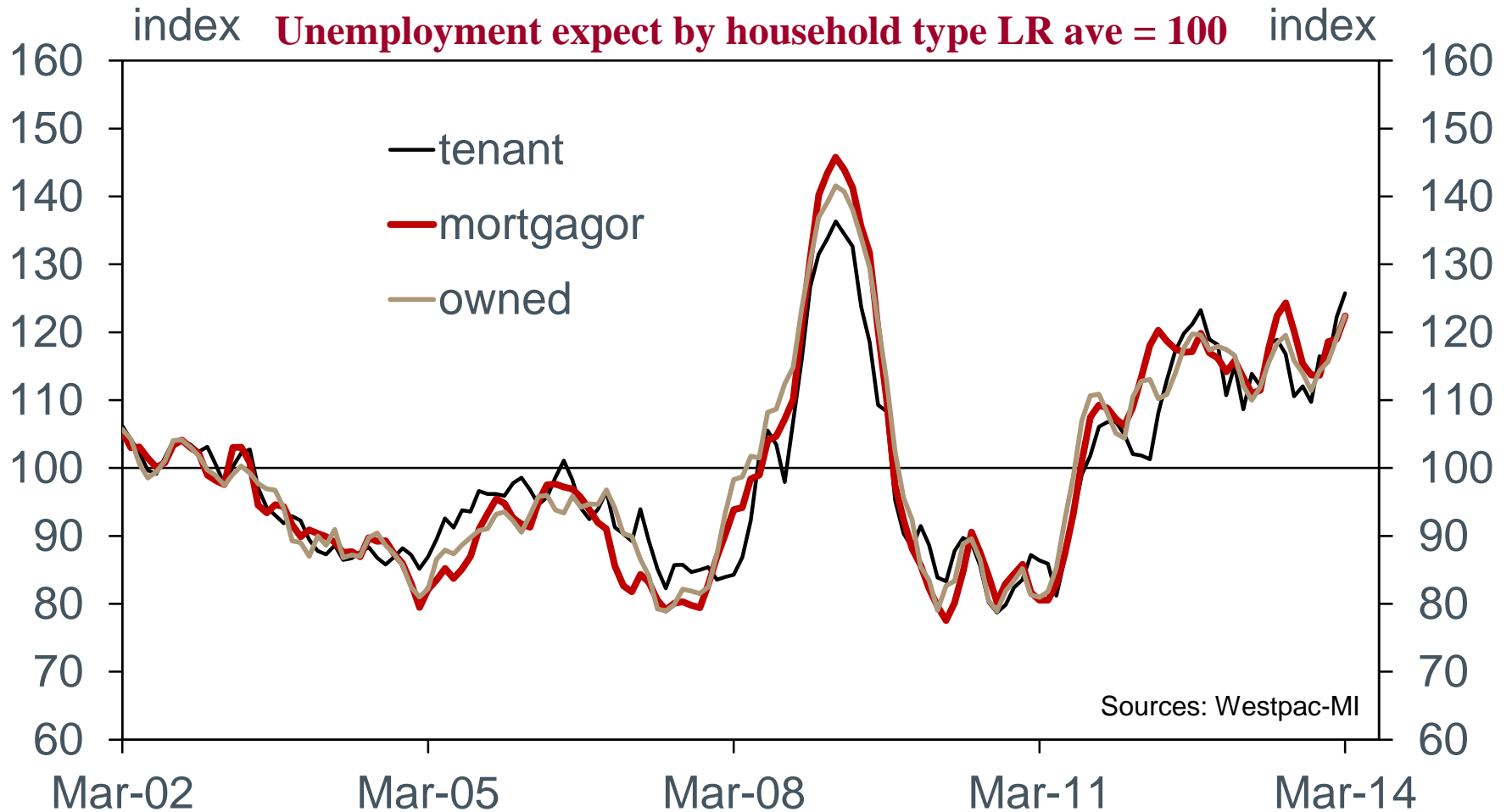
# ...secondary industries the least worried...



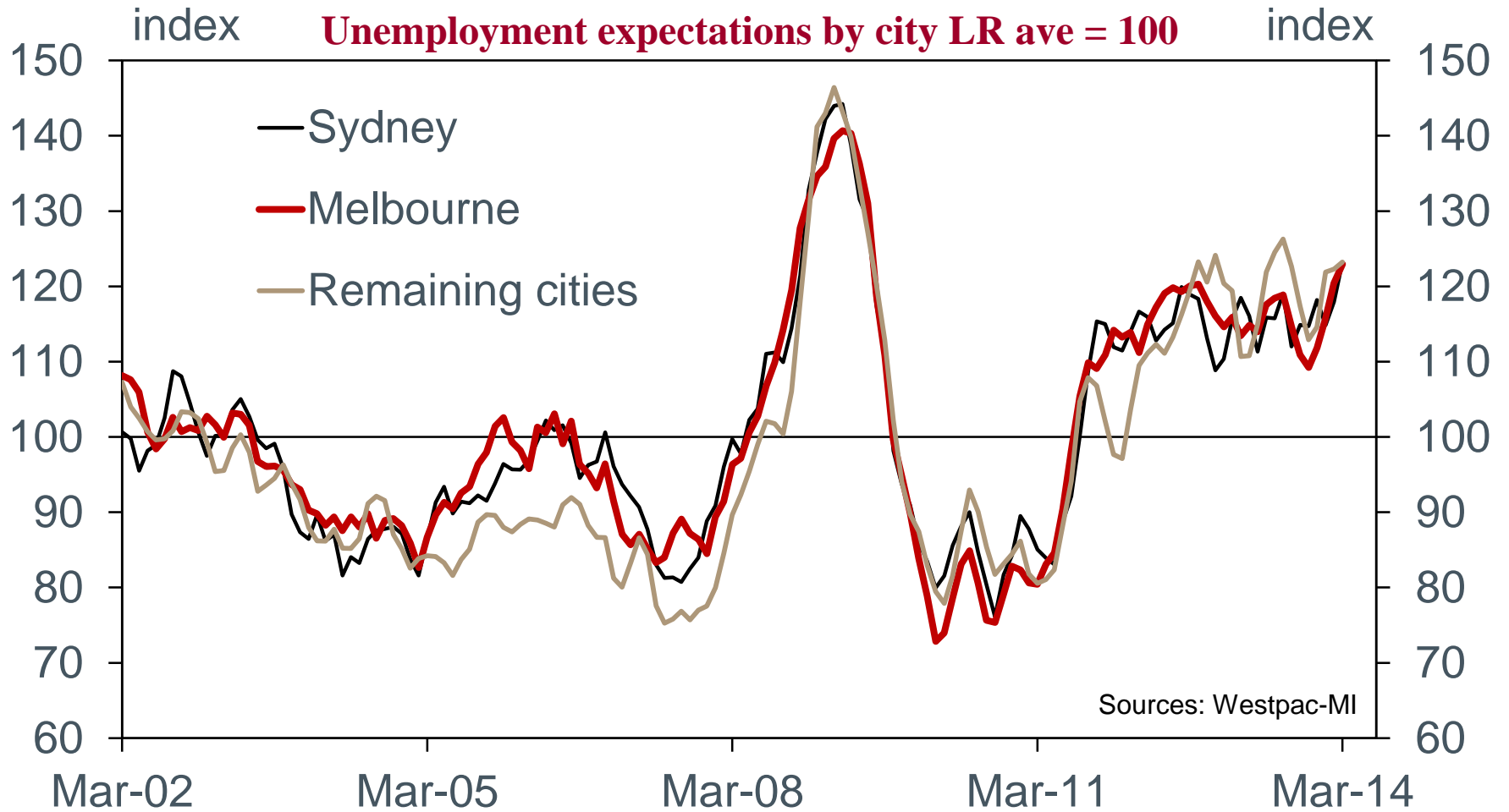
# ...with males now a touch more worried...



# ...and tenants the most worried.

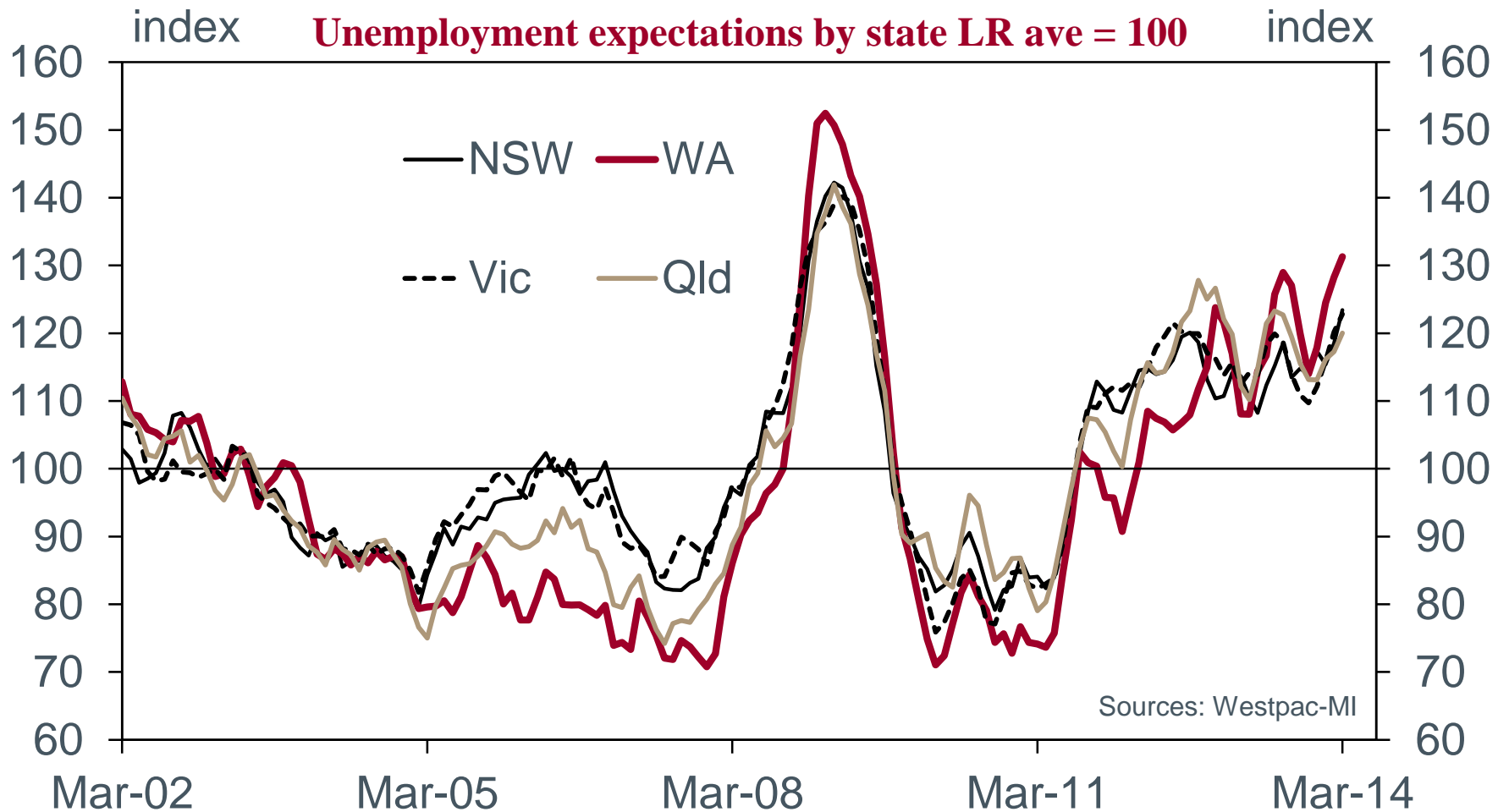


# There is little variation by city...

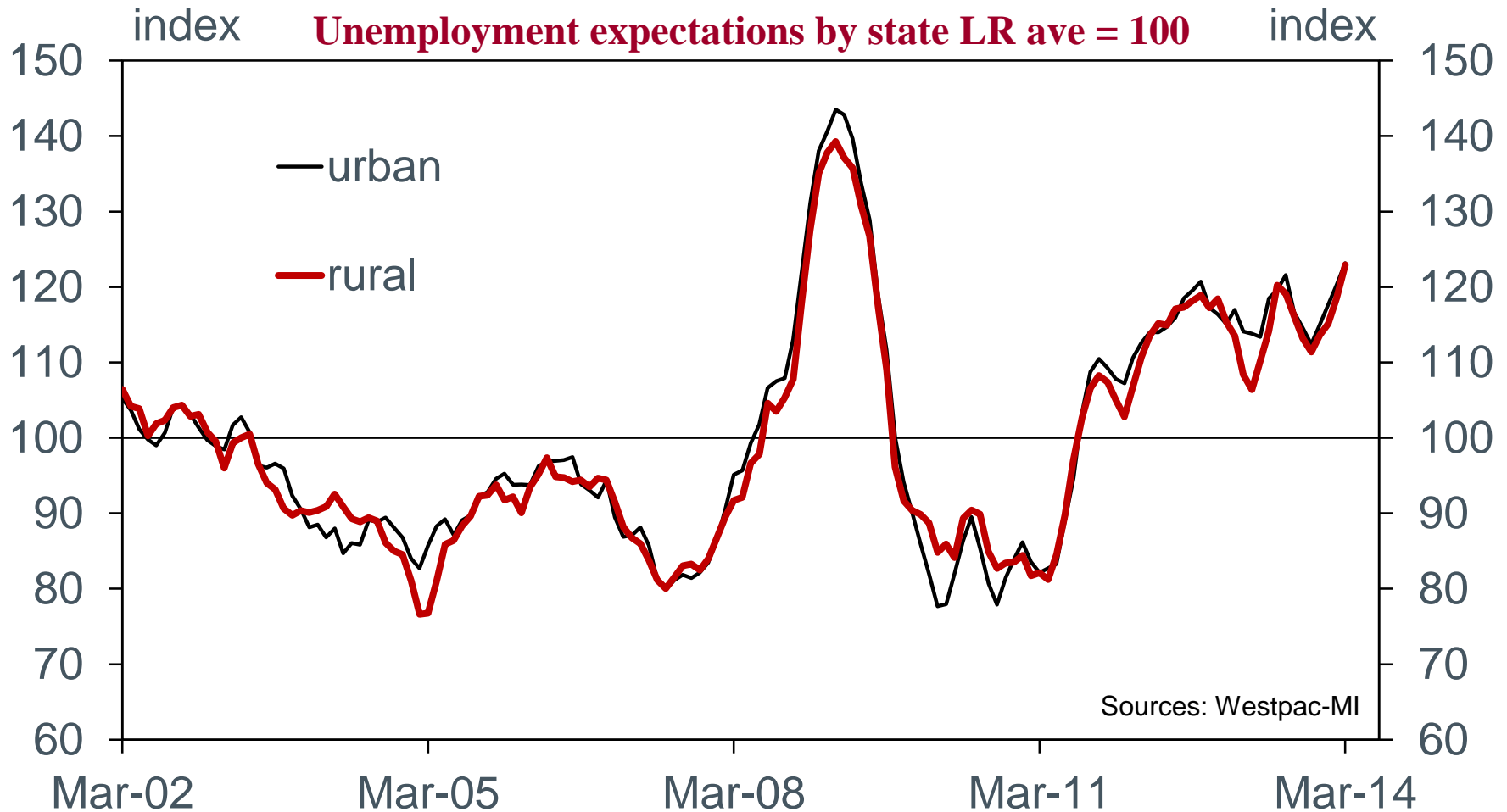




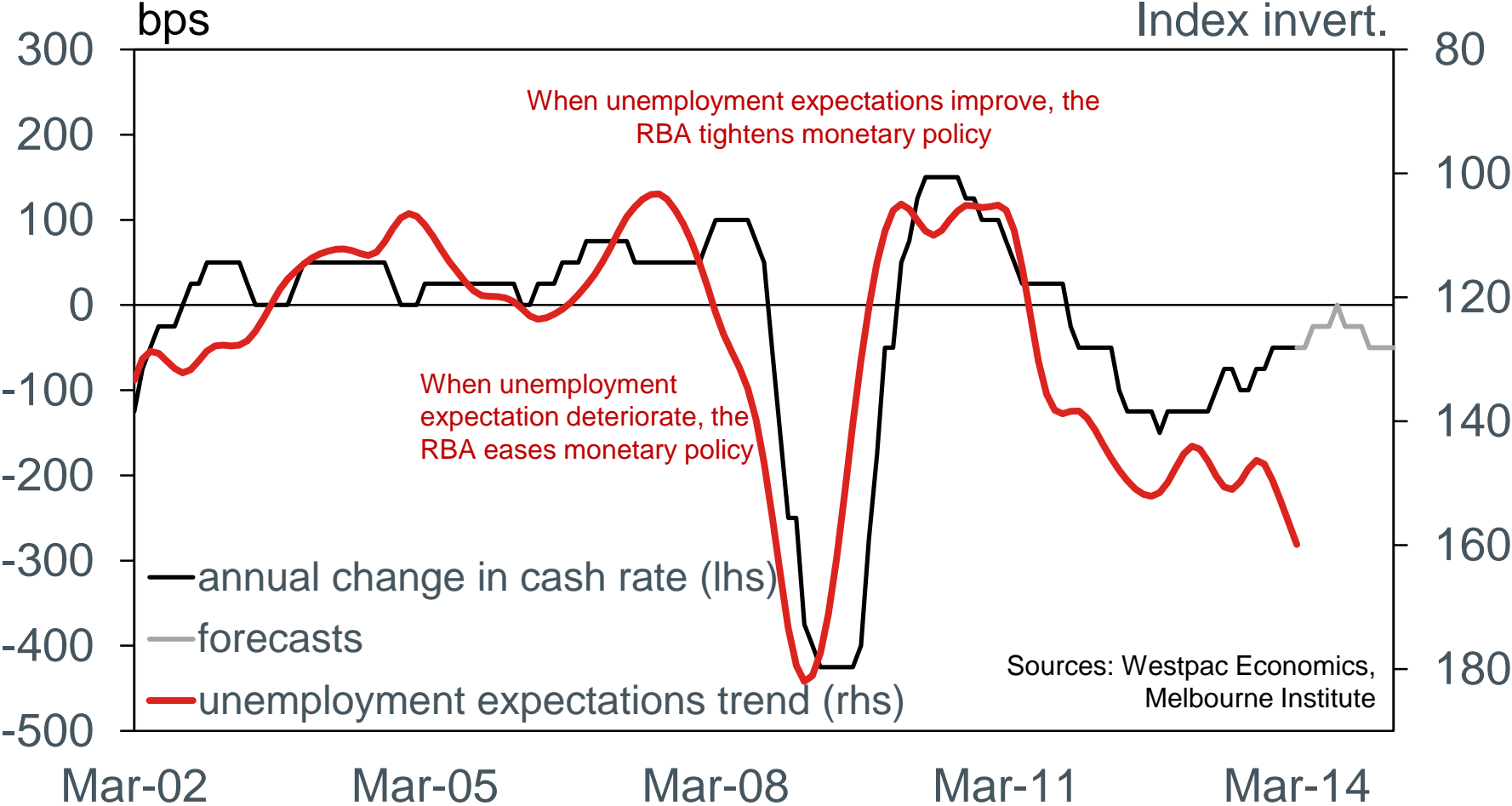
# ...but WA is clearly the most worried state...



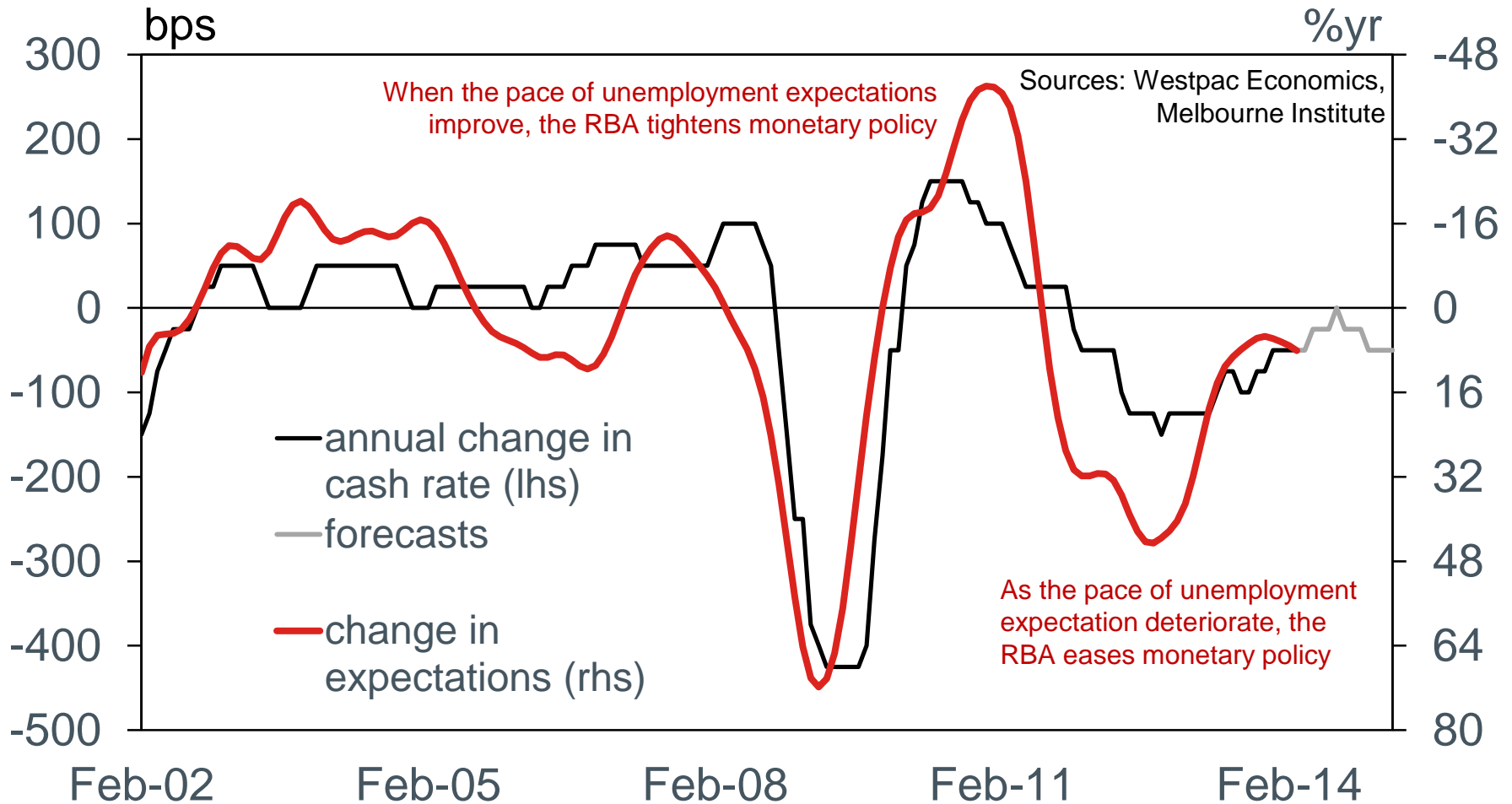
# ...but it is not a rural/urban split.



# Job worries are key to rate cuts...



# ...but the pace has turned negative again.



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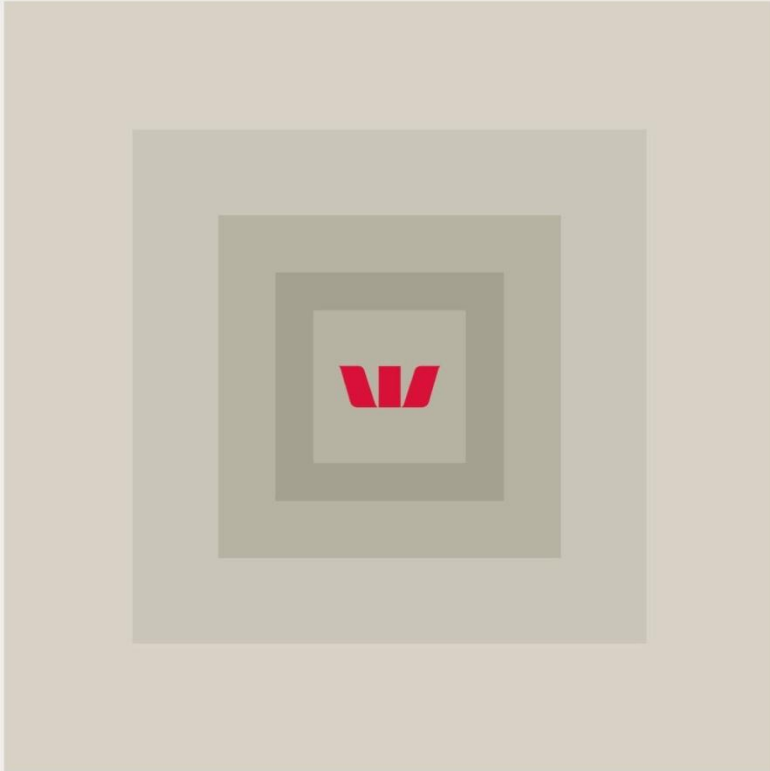
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