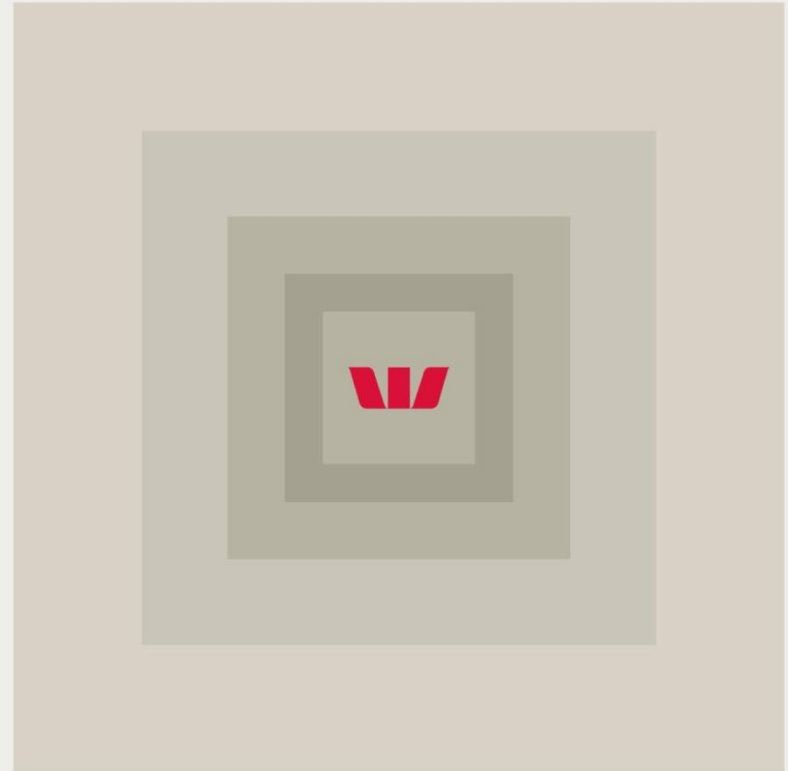


Westpac Melbourne Institute Consumer Sentiment

Unemployment expectations
chart pack.

April 2014



Westpac – Melbourne Institute

Consumer unemployment expectations

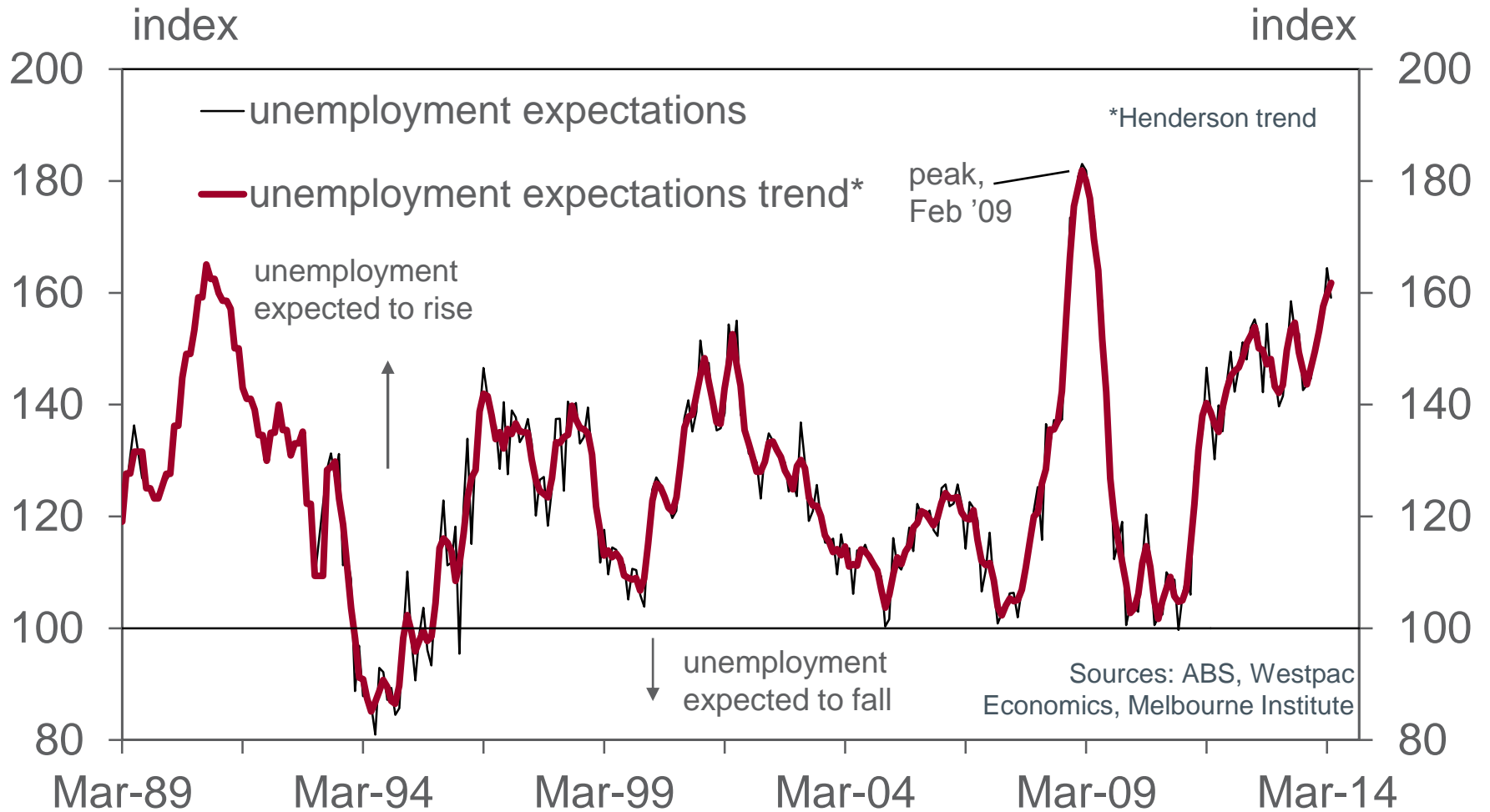
- The unemployment expectations index fell 3.2% in Apr following a 5.5% rise in Mar and a 2.3% gain in Feb. So far this year, the index has lifted 5.1% to be 12.4% higher over the year.
- Despite the Apr fall, the trend is still upward (1.2% mth in Apr) and Apr is the third and highest peak in the current cycle.
- From its Sept 2013 low, the index is up 11.6% taking the annual rate of growth from -8.2% to 12.4% in Apr (vs. 17.7% in Mar).
- This decidedly pessimistic trend, which suggests households are getting increasingly anxious about the jobs outlook, appears to be continuing for now. But as we note later, there are signs this trend may be about to turn.
- Nevertheless, the trend is now 25% higher than its 10 year average, consistent with the observation that employment growth is underperforming relative to population growth.

Westpac-Melbourne Institute

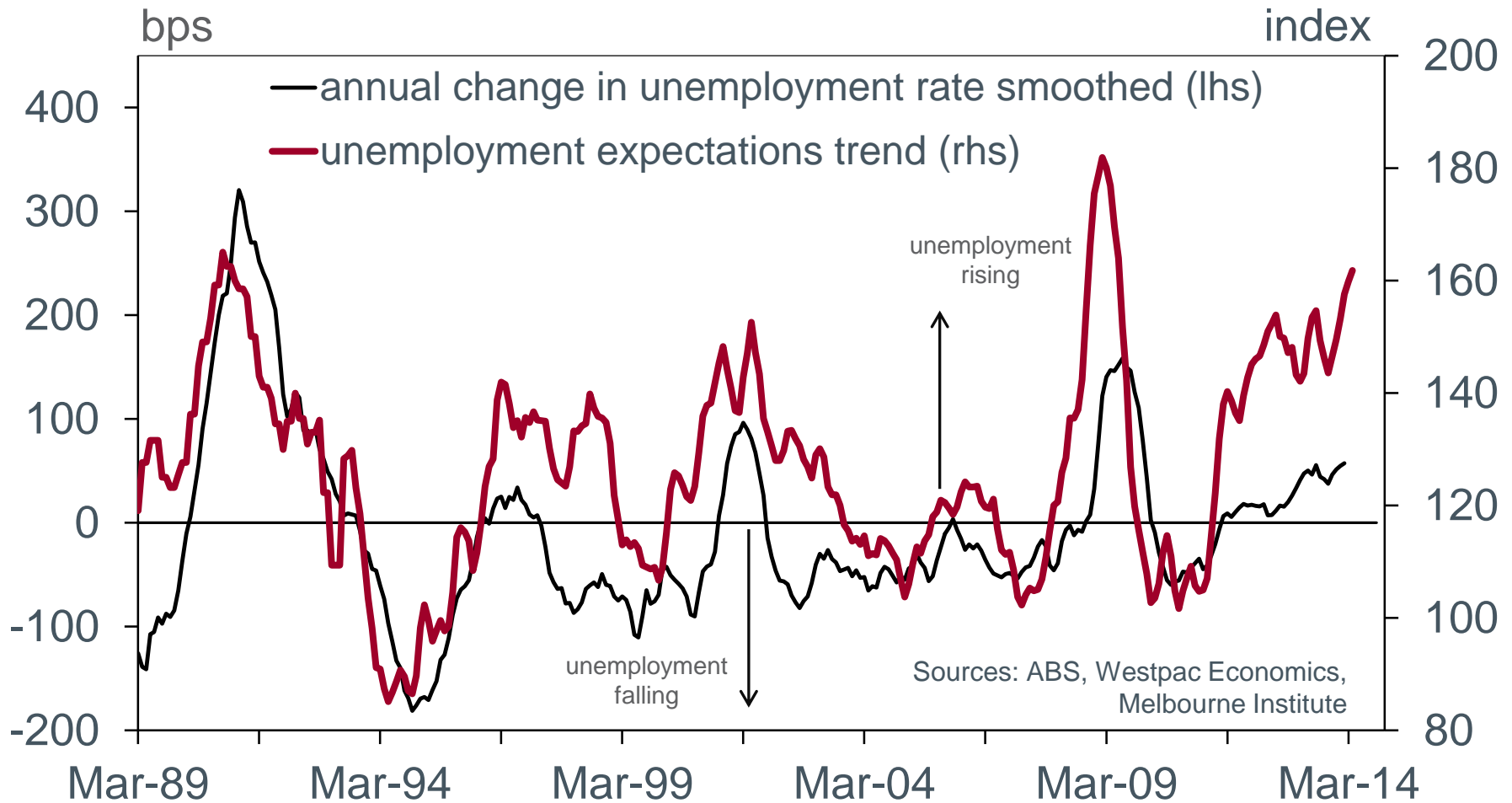
Consumer unemployment expectations (cont)

- In Apr, the largest increase in unemployment expectations were in Vic (+5.2%) and SA (4.7%).
- Overall, expectations are pointing to a soft patch in hours worked (charts 9-15). In particular, the level of expectations suggests a further moderation in hours in NSW & Vic while WA faces the unwinding of the mining boom. Qld hours worked have run ahead of expectations, pointing the risk of to a near term correction.
- Sales/clerical have the highest unemployment expectations but the rest are not too far behind. Those who own their home have higher unemployment expectations than those renting or buying.
- While the index is still pointing to a higher unemployment, the rate of change in unemployment expectations has peaked which has eased the pressure on the RBA for a near term rate cut.
- Westpac job index also points to a turning point in expectations.

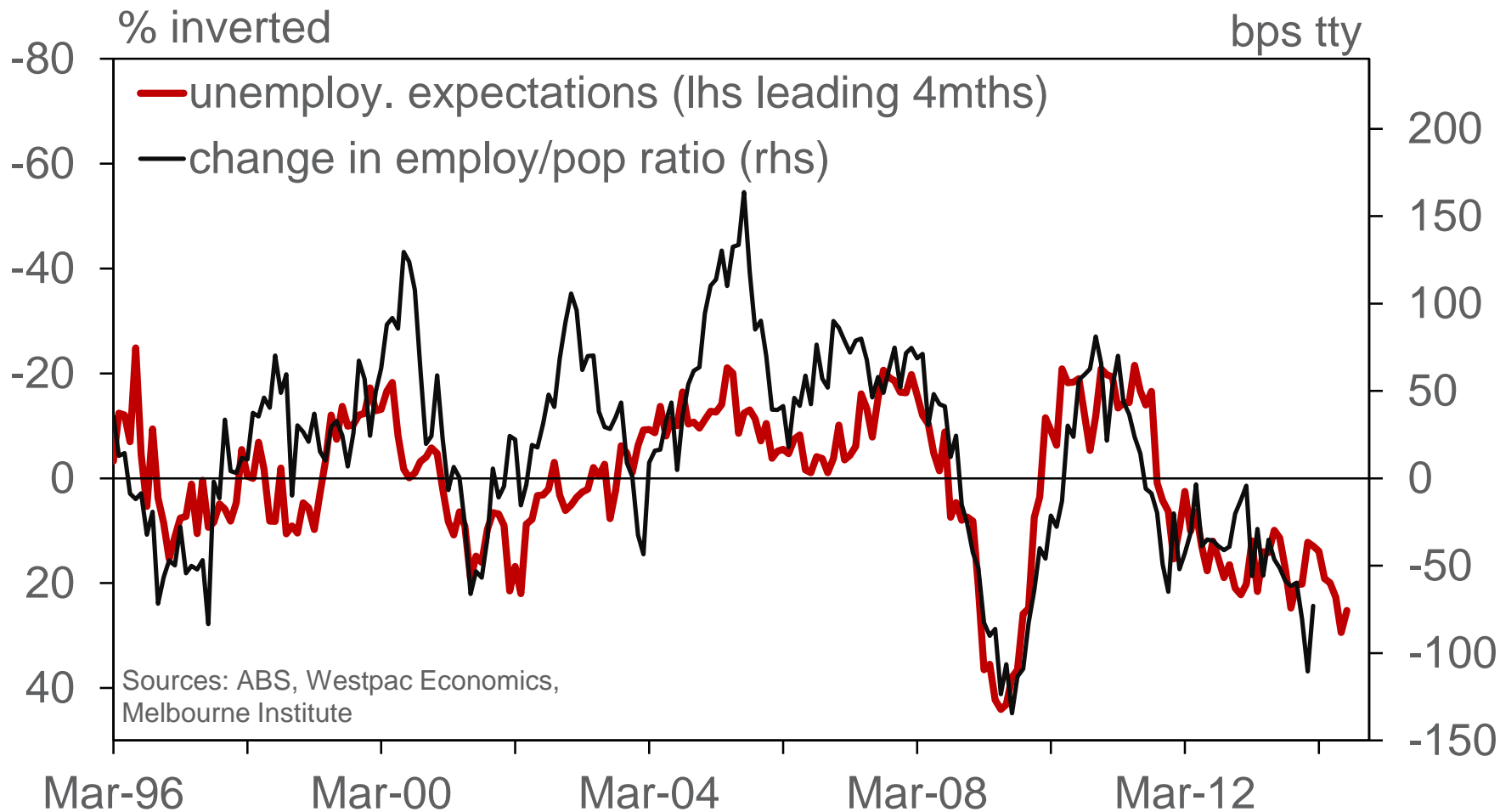
A triple top on labour market concerns...



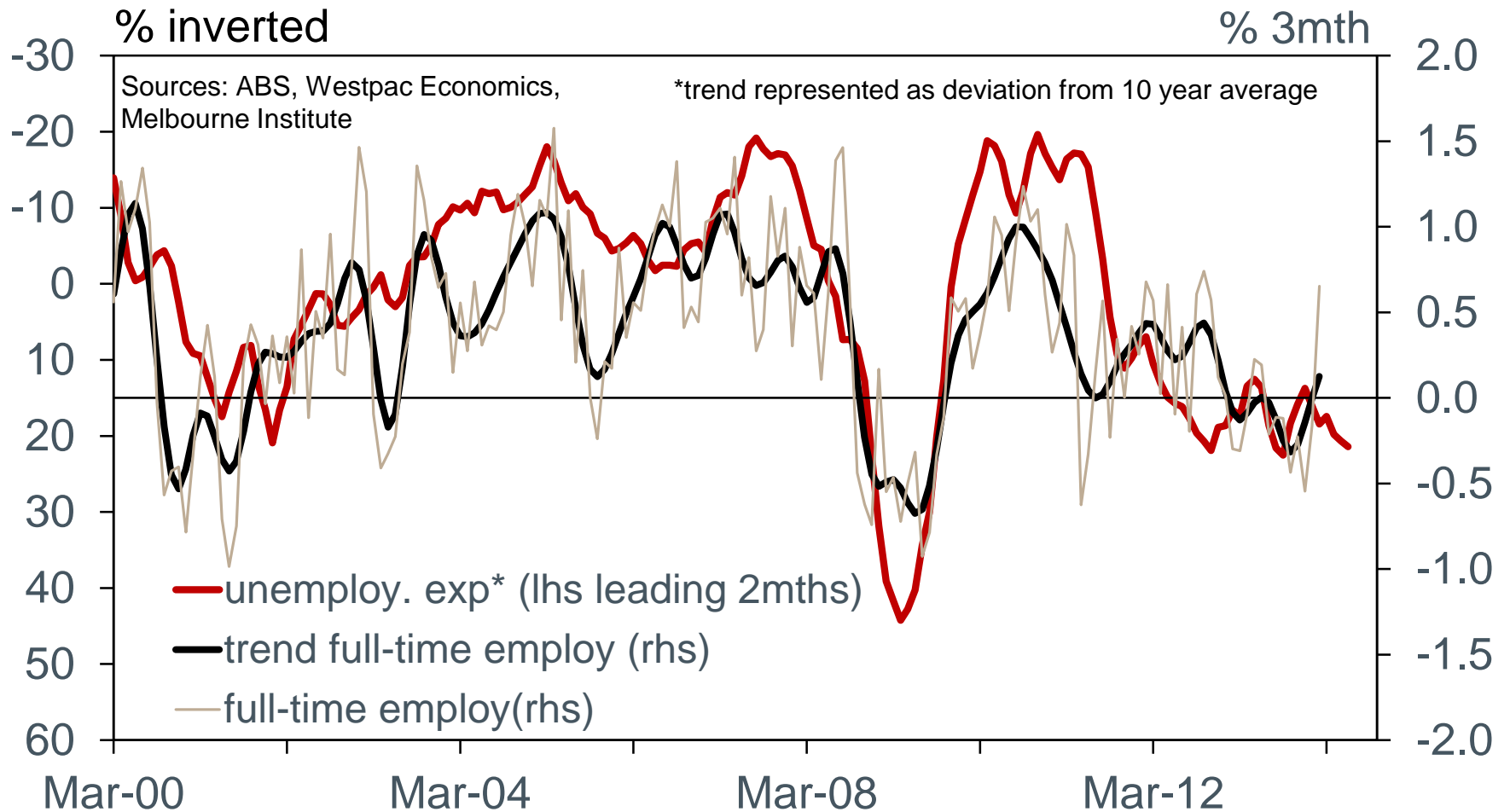
...pointing to upside risks for unemployment...



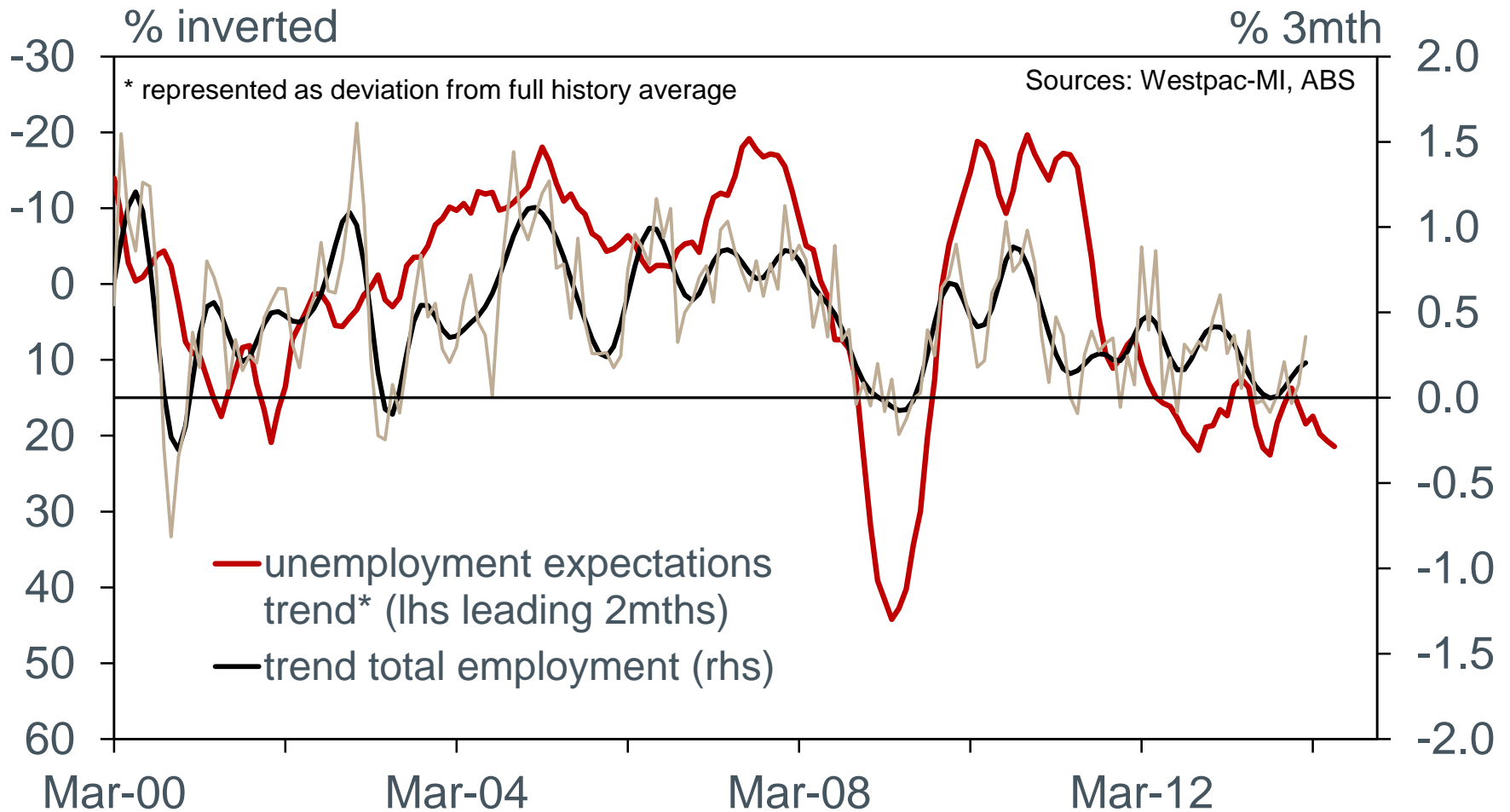
...as employment lags population growth...



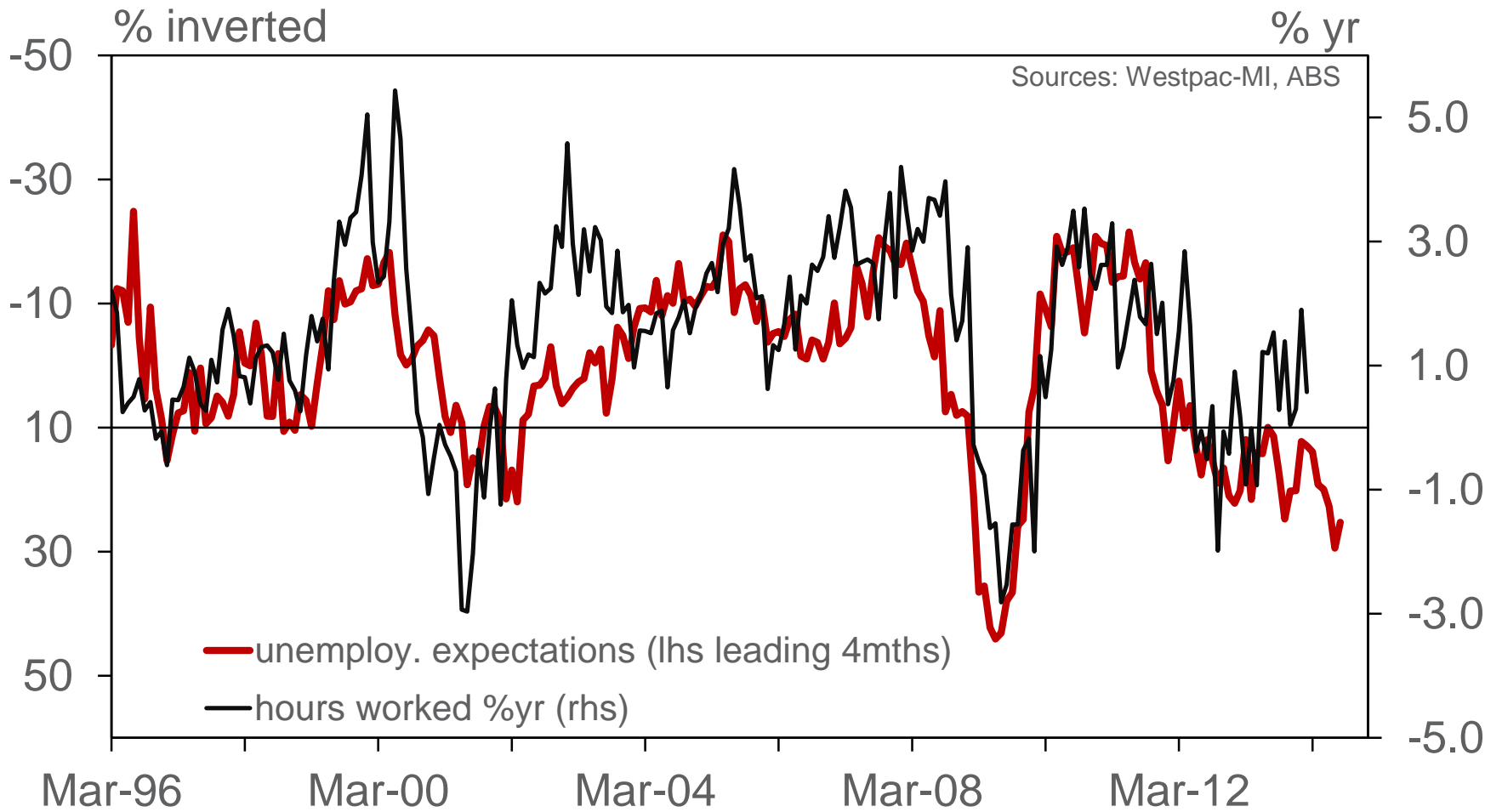
...but full-time employment has leapt in 2014...



...and total employment has also recovered.



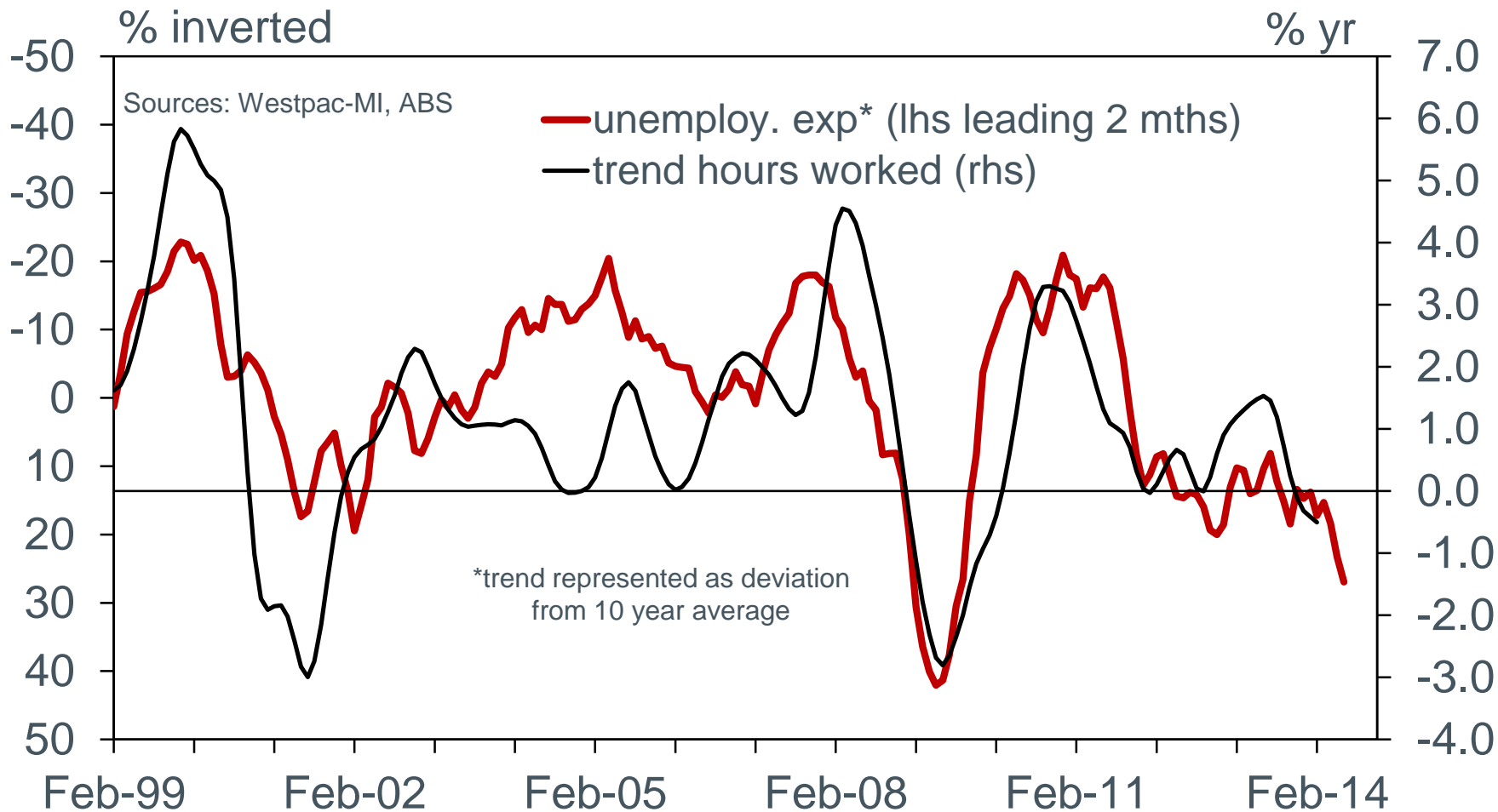
Employers have lift hours worked...



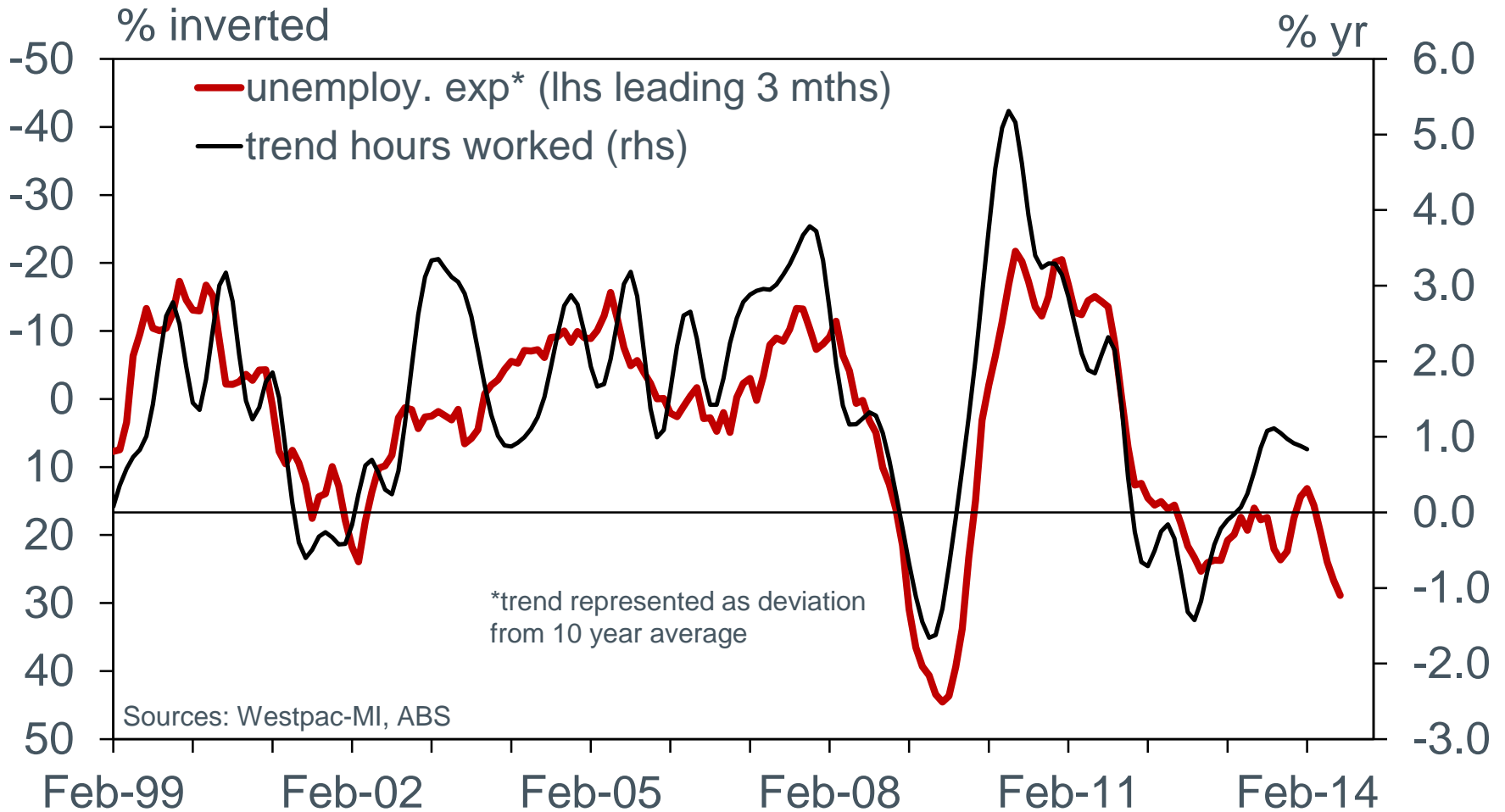
...but expectations point to downside risks.



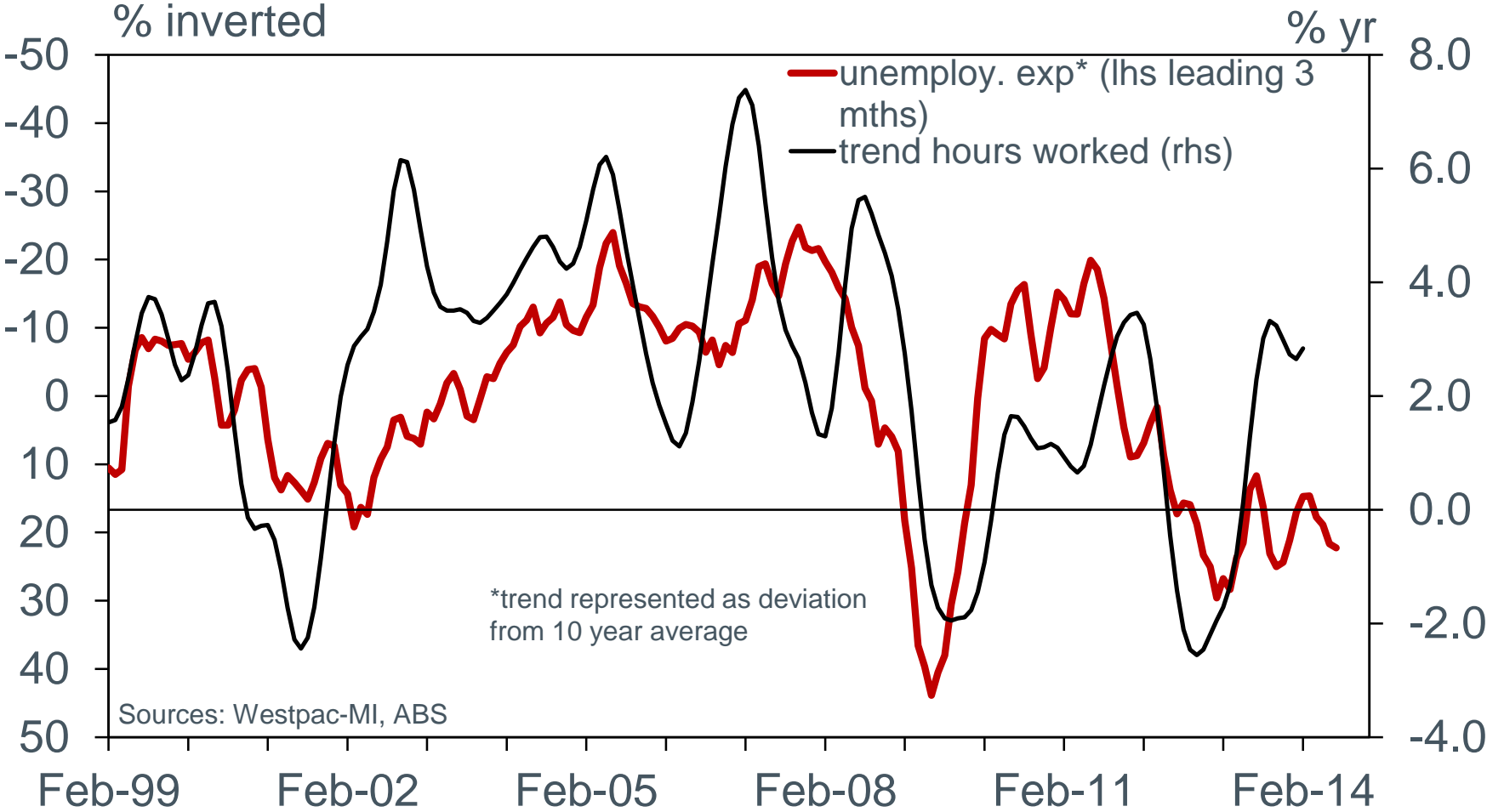
NSW hours worked falling back to exp



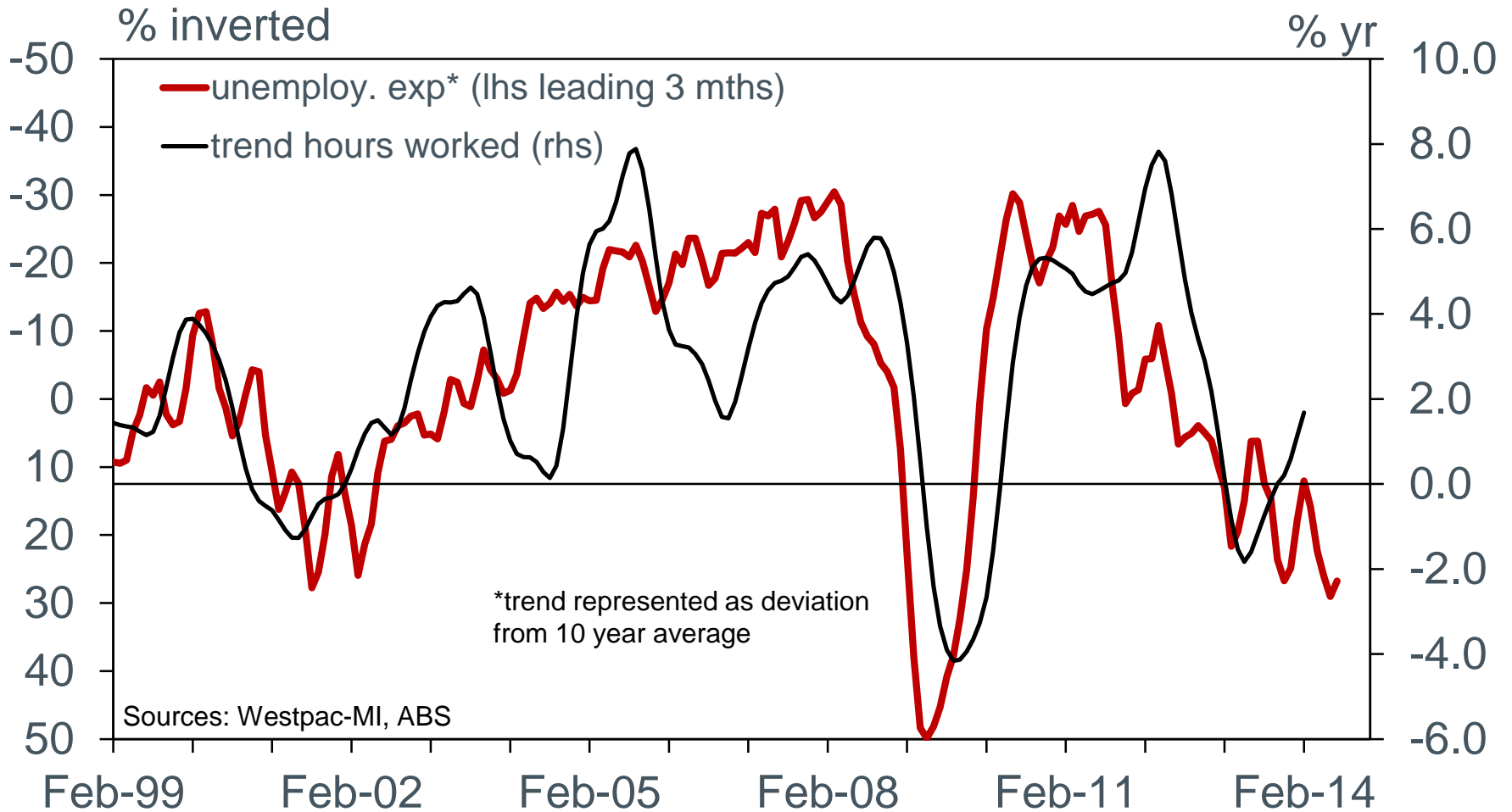
Vic expectations are weak, hours weakening



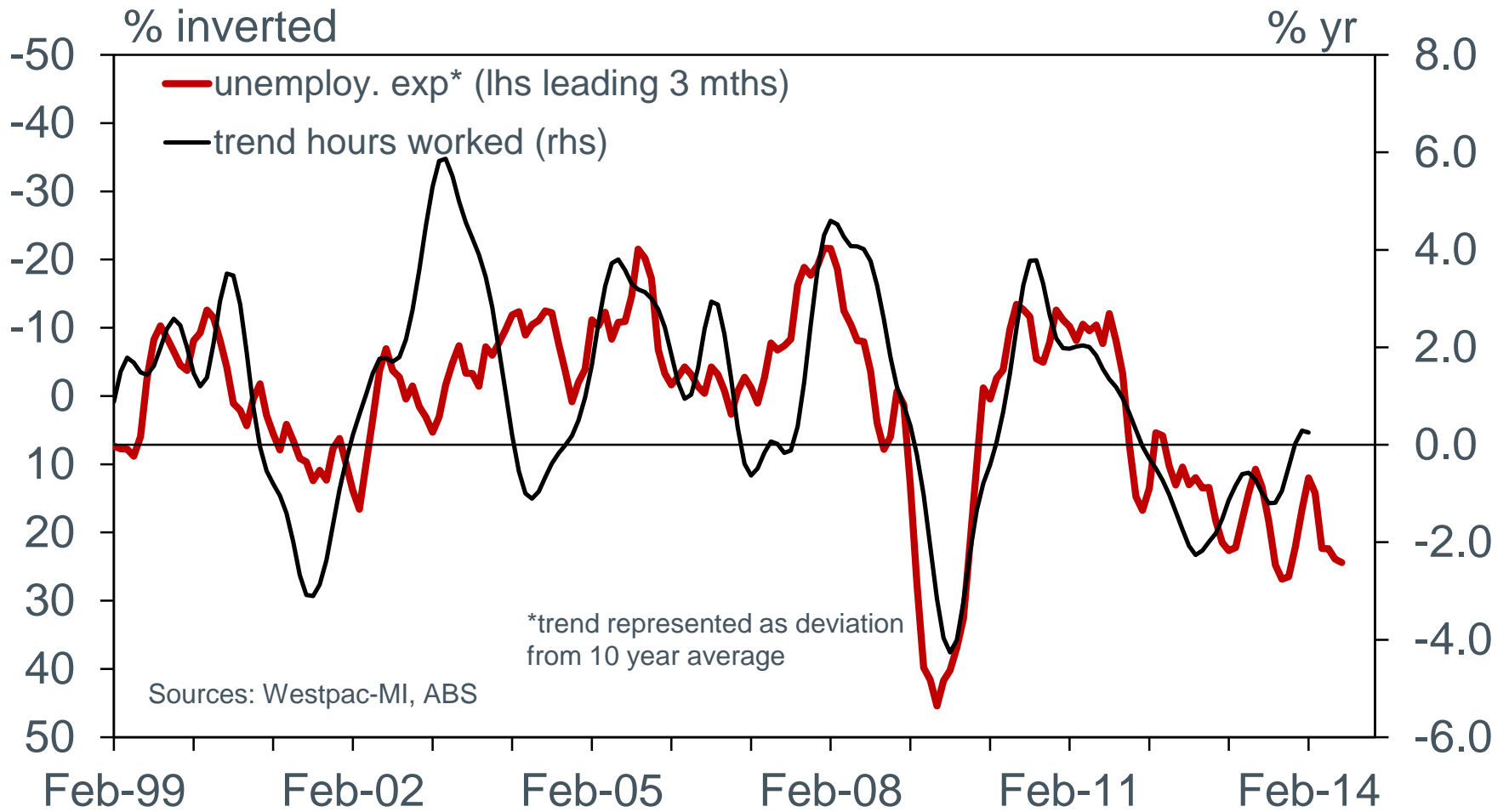
Old hours worked have lifted more than exp.



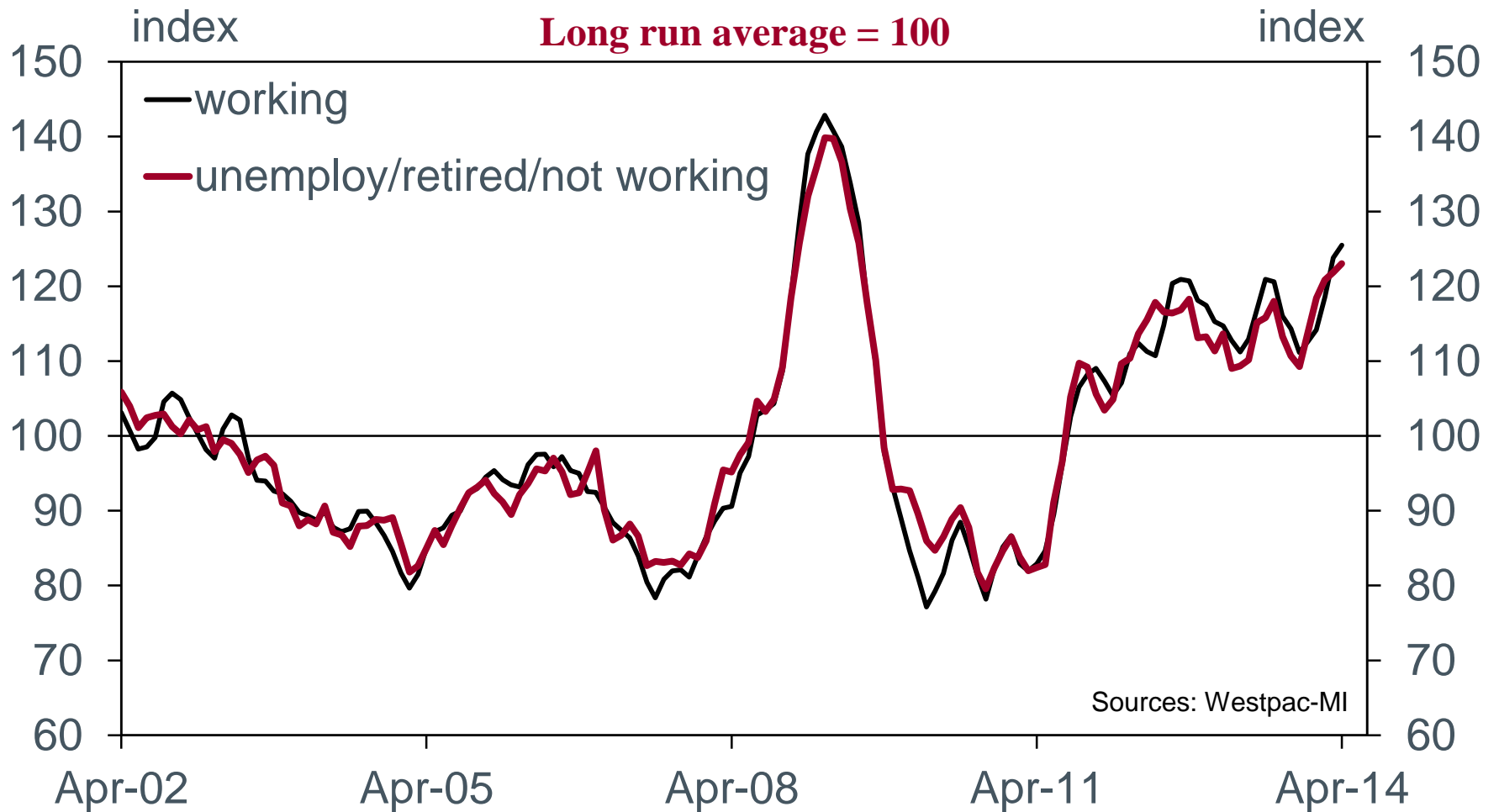
WA expectations suggest hours could fade



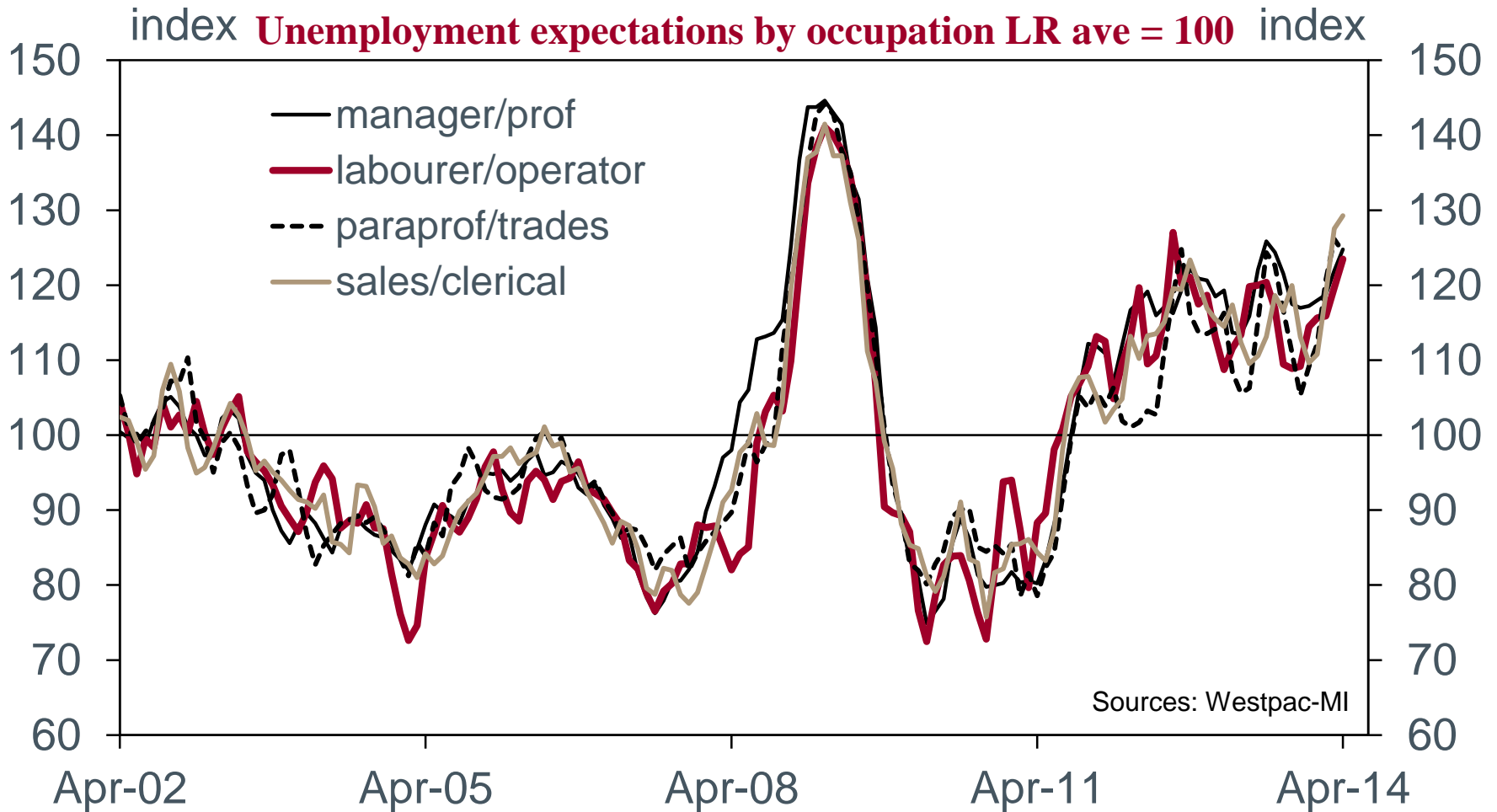
SA expectations are also weak, hours soft



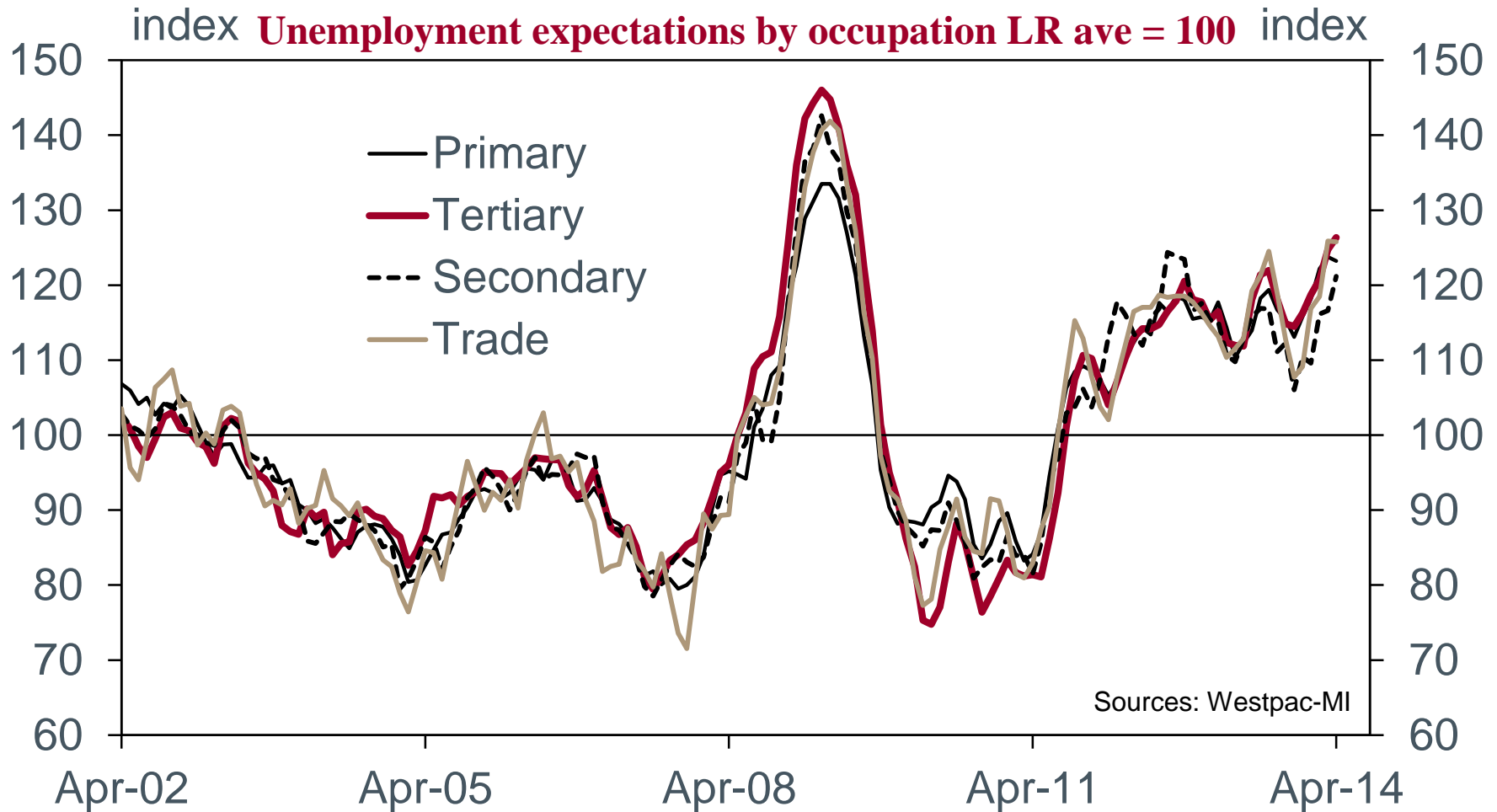
Those working slightly more worried



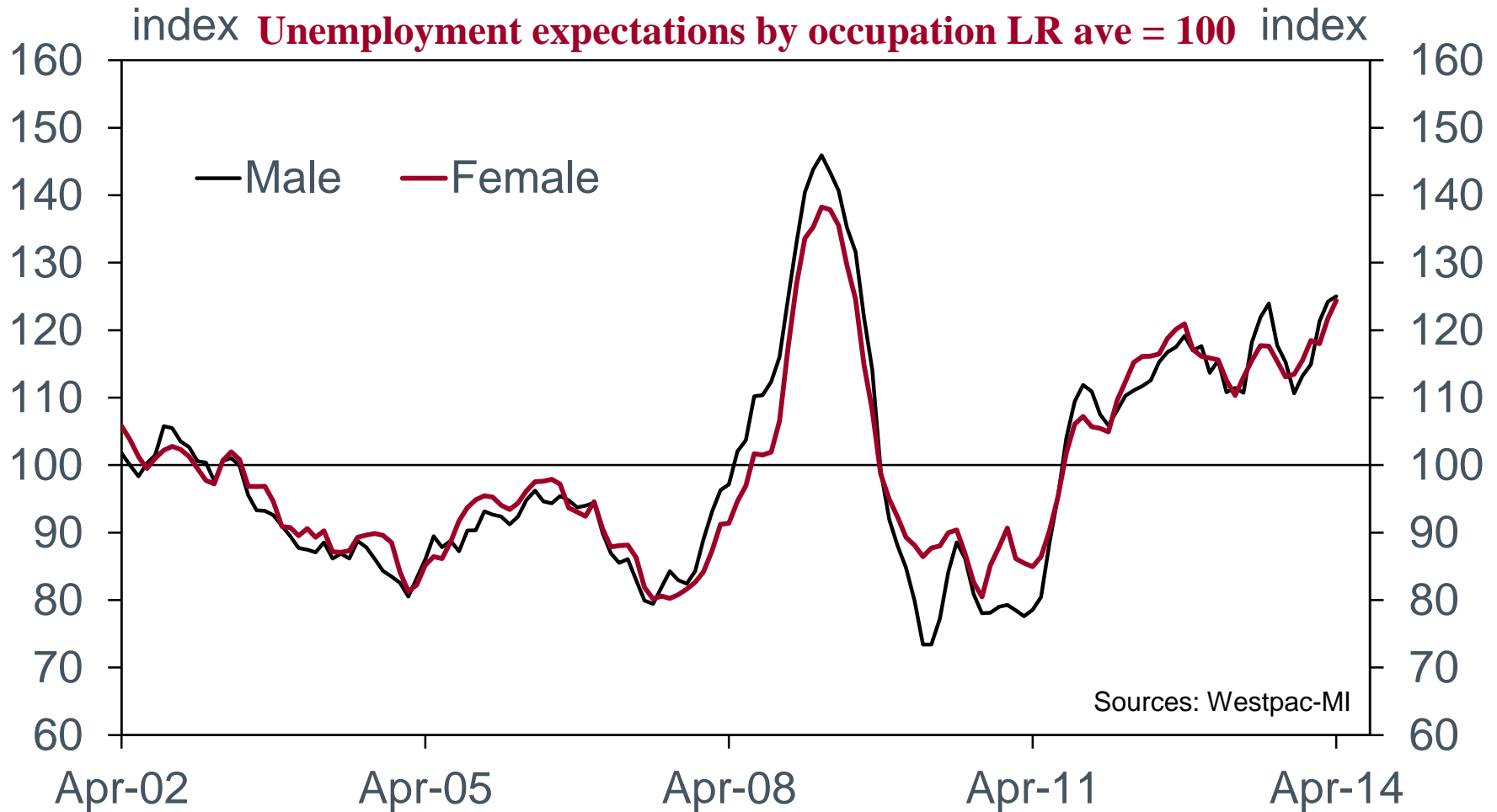
Sales/clerical now the most worried...



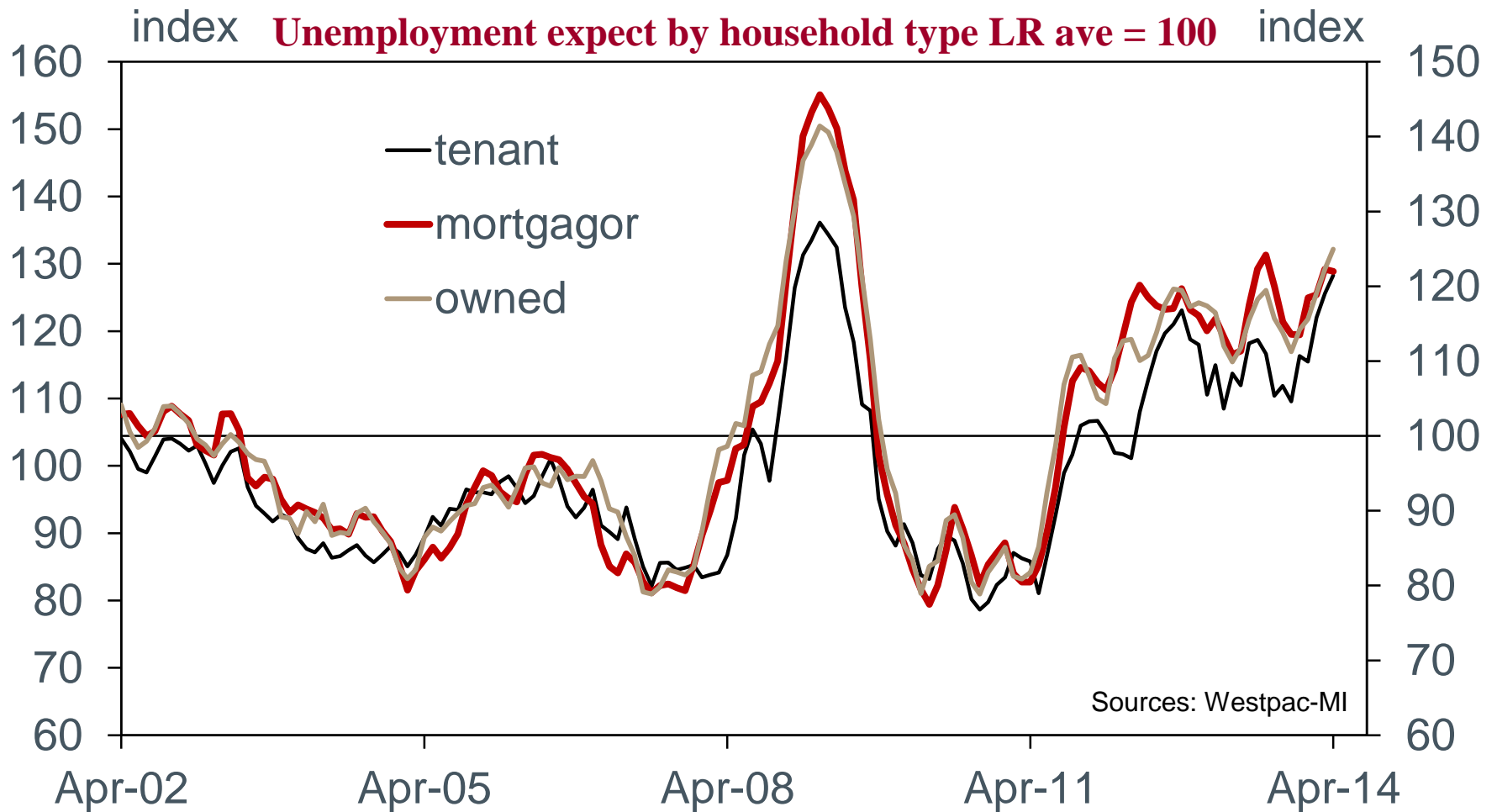
...secondary industries the least worried...



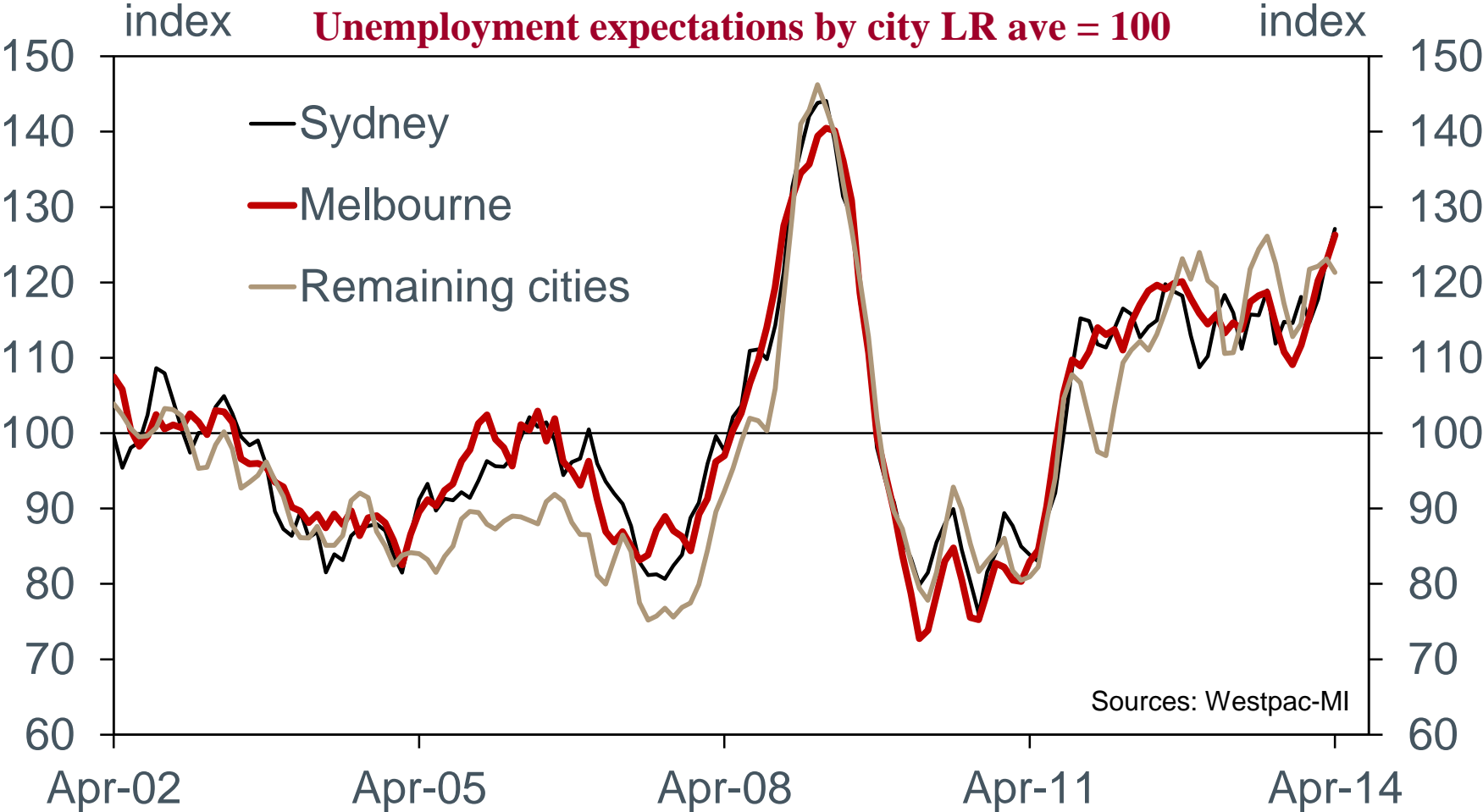
...but no difference by gender...



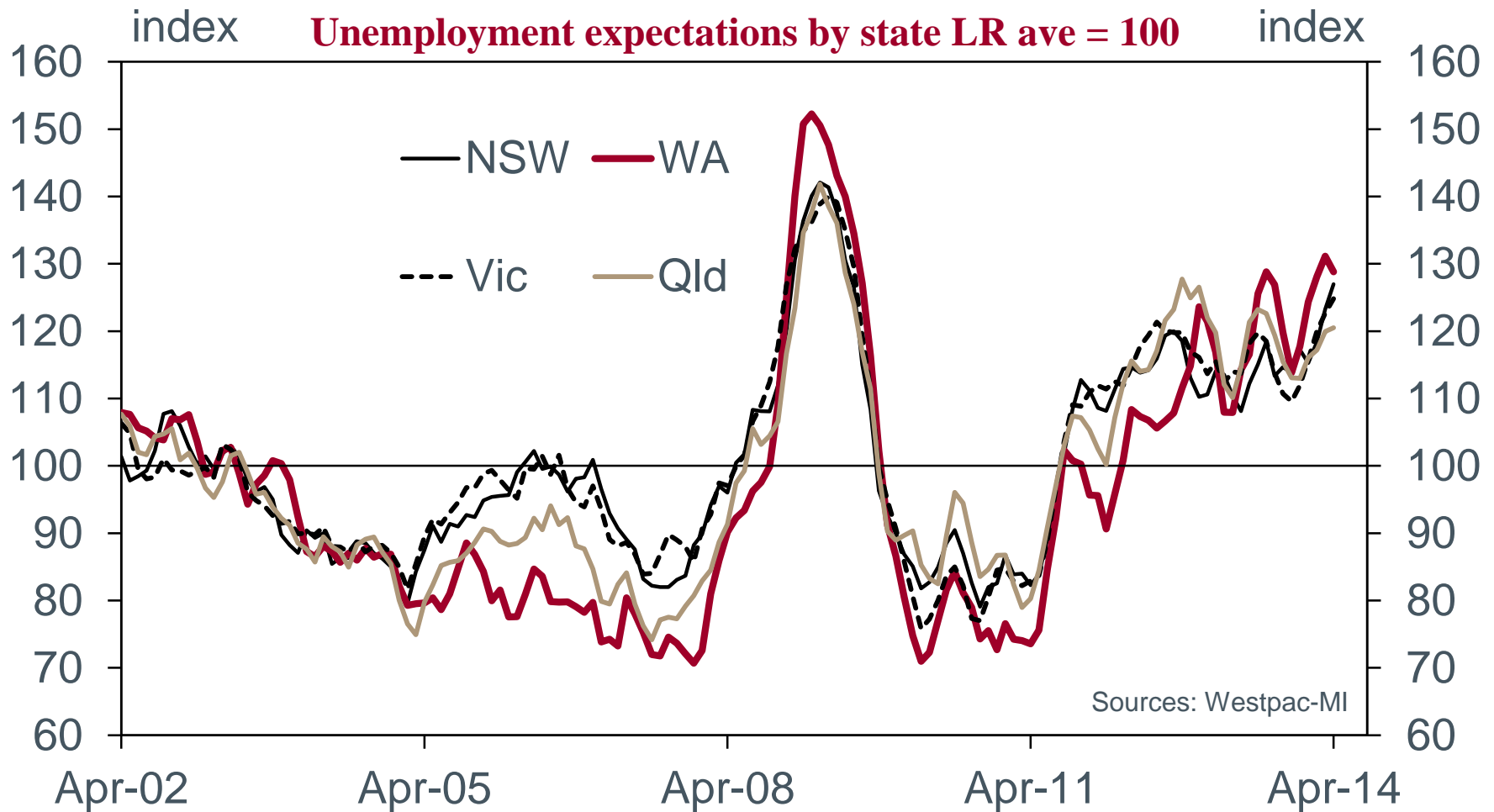
...& those who own their homes are worried.



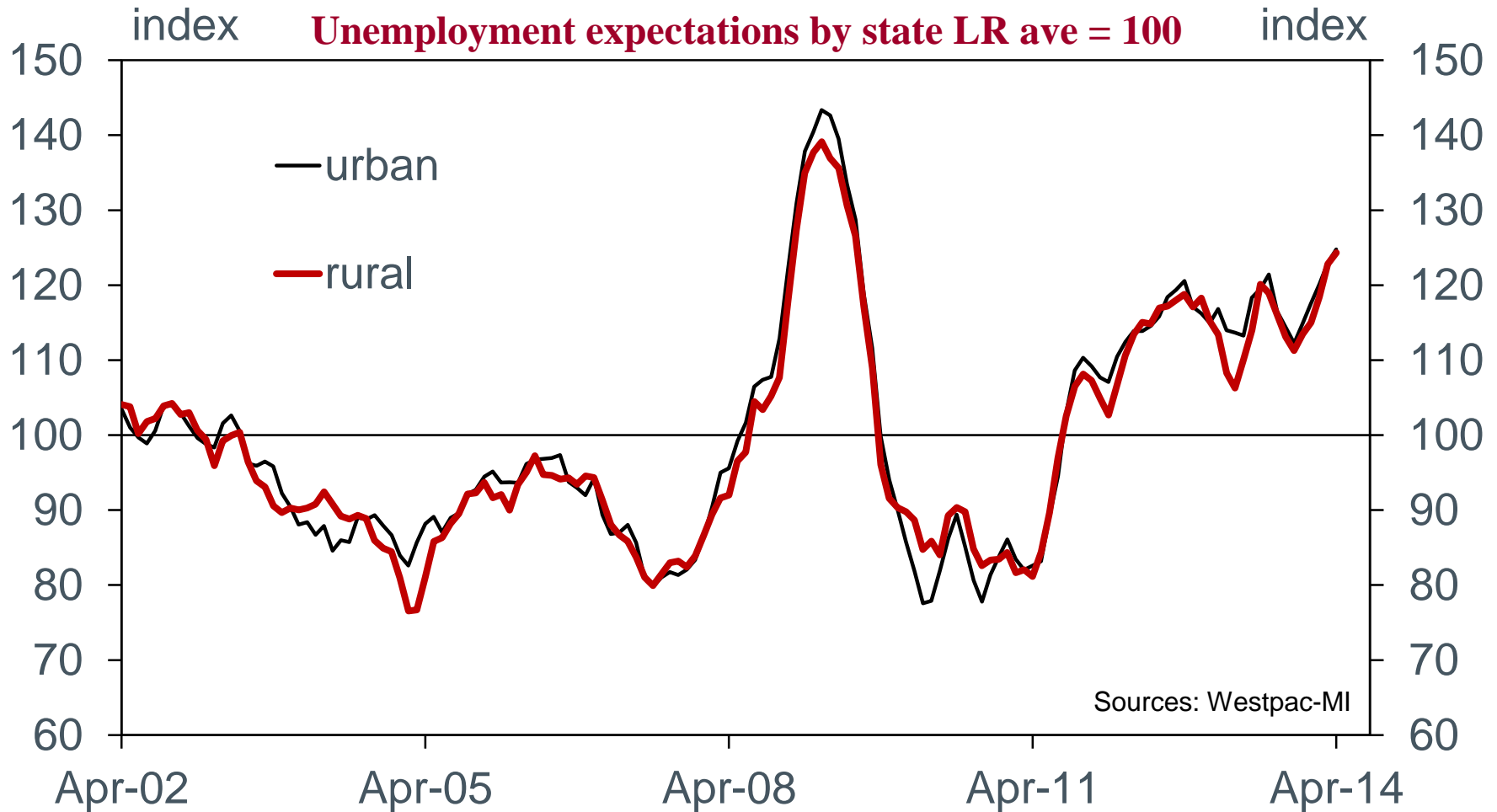
The smaller cities are the least worried...



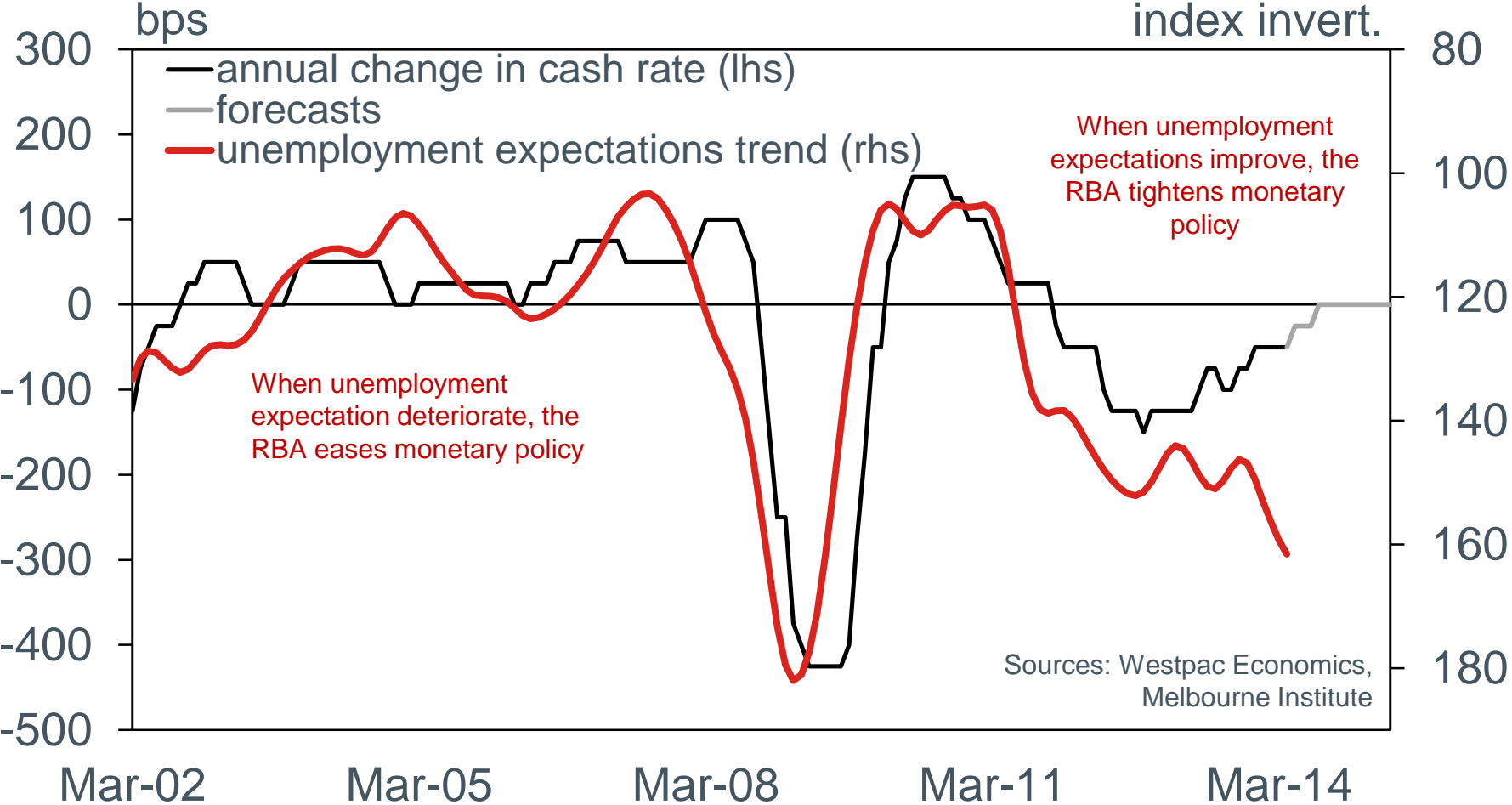
...but appears to be a Qld story, not WA...



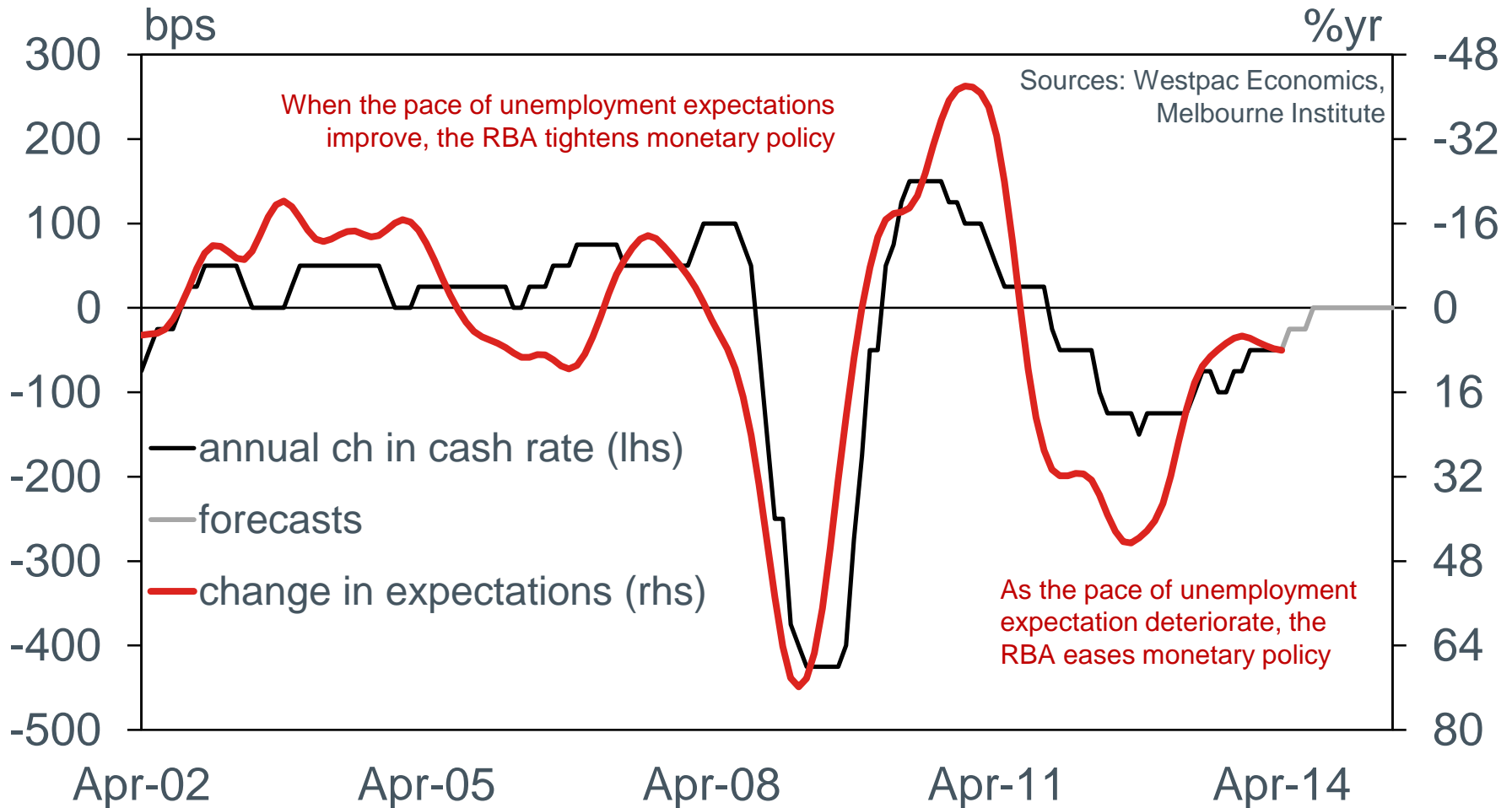
...and it is not a rural/urban split.



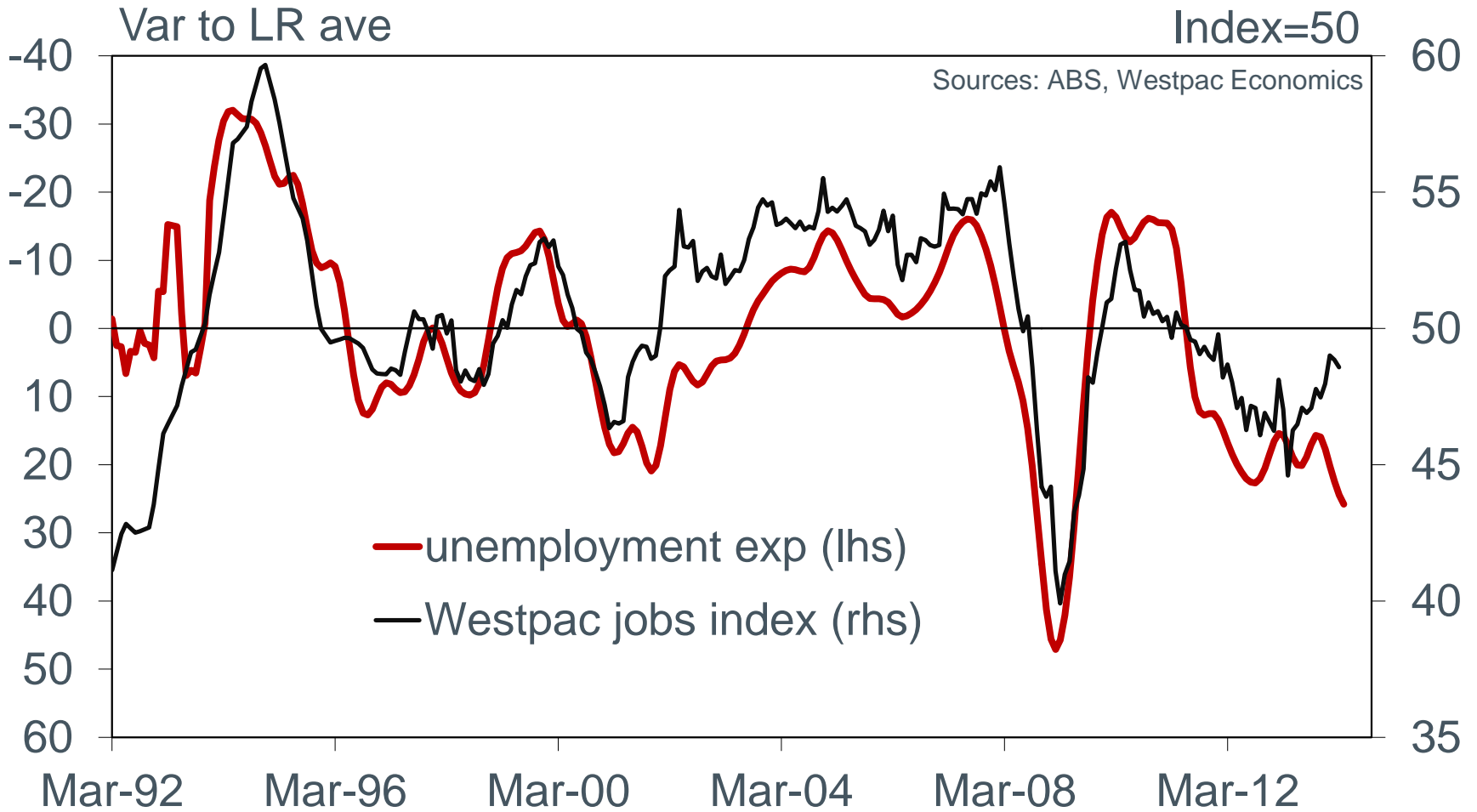
Job worries are key to rate cuts...



...but the pace has turned and is less negative.



Jobs index suggests a turning point for exp.



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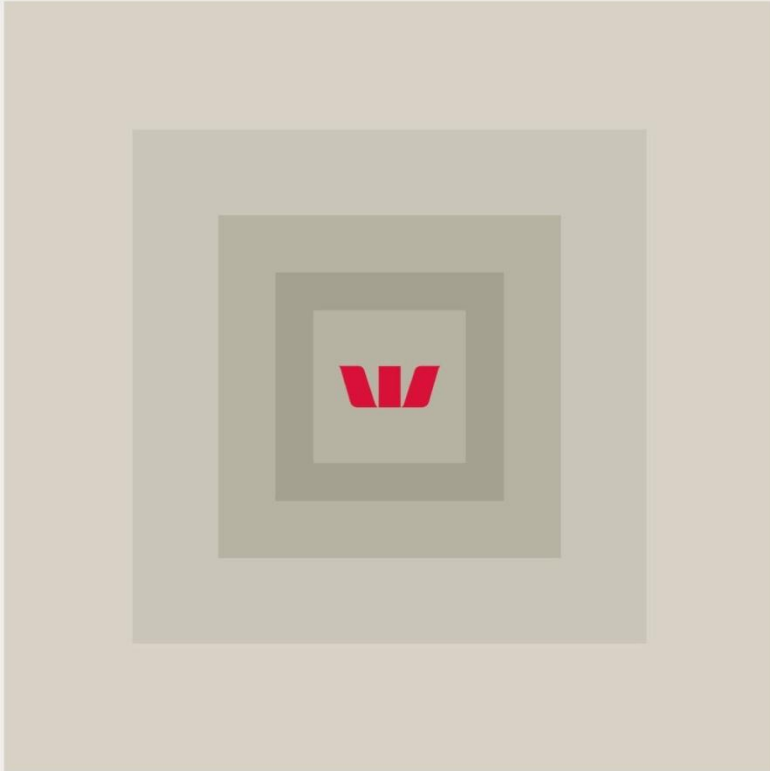
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