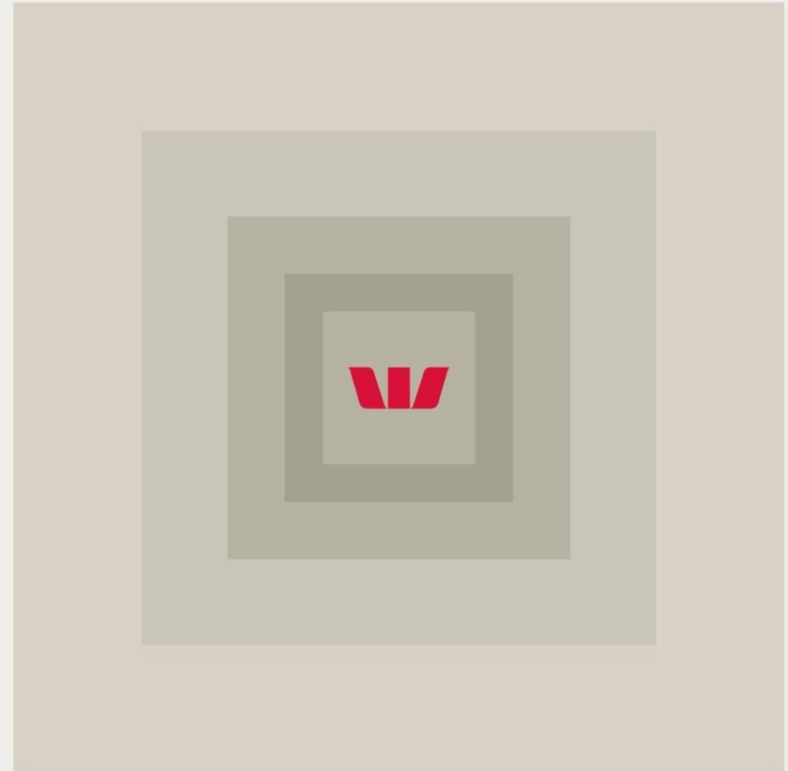


# Westpac Melbourne Institute Consumer Sentiment

Unemployment expectations  
chart pack.

**August 2014**



# Westpac – Melbourne Institute

## *Consumer unemployment expectations*

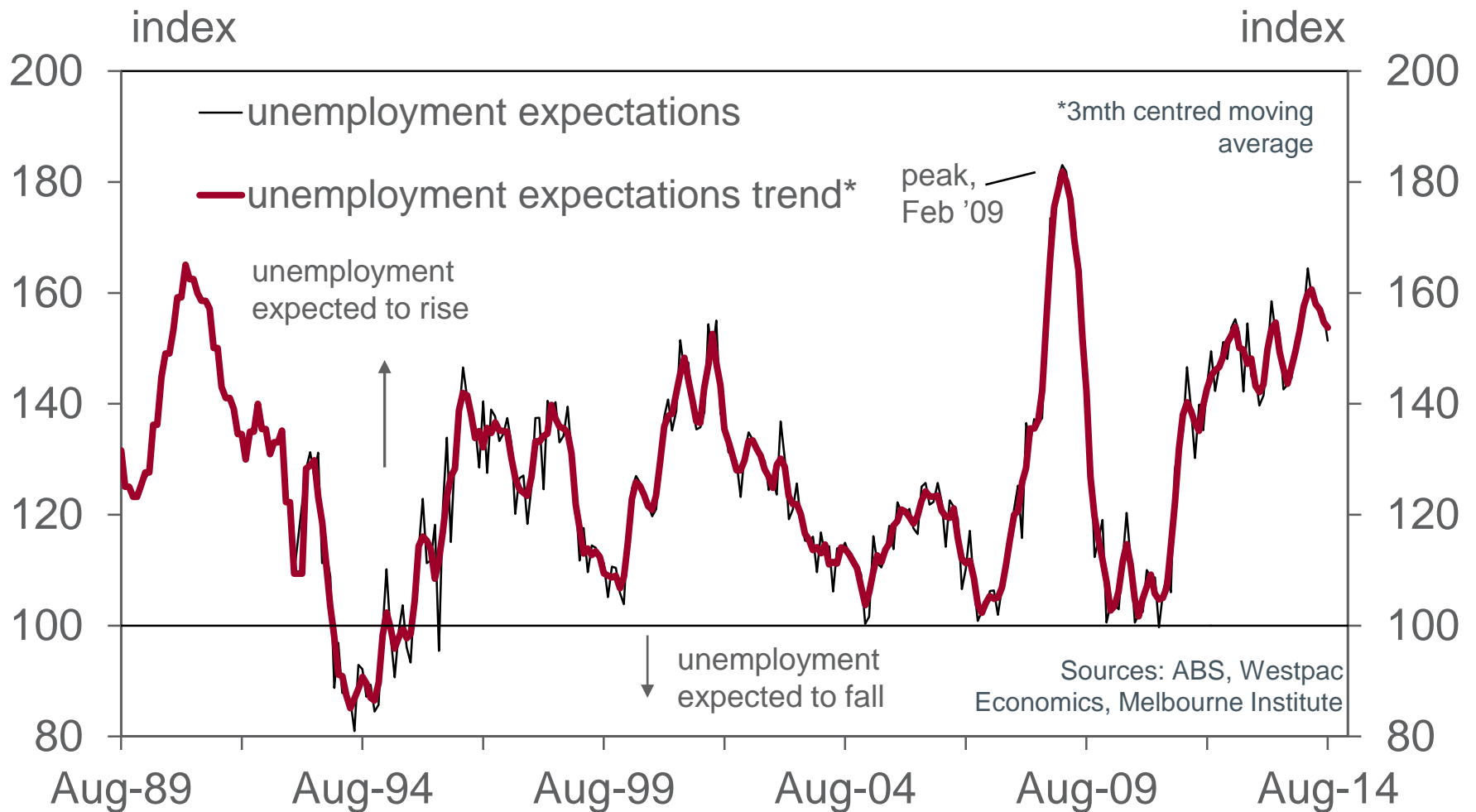
- The Westpac-Melbourne Institute Unemployment Expectations Index declined 3% in Aug following declines of 0.3% in Jul, and 1.1% in Jun. Recall that lower reads indicate reduced concern around the labour market.
- This is the fifth consecutive decline taking the index 7.9% below its Mar peak. The index appears to have peaked with a trend decline now evident now over the past four months. However, the index is coming from a very high starting point and still only down slightly (–0.9%) on its level a year ago. This suggests households believe we have passed the worst for the labour market but that conditions are still not particularly robust
- Note that we saw similar apparent trend peaks in 2012 and 2013 that ultimately proved to be false, or unsustained, turning points. The difference this time around is that business surveys are showing a more substantive improvement suggesting a genuine turning point.

# Westpac-Melbourne Institute

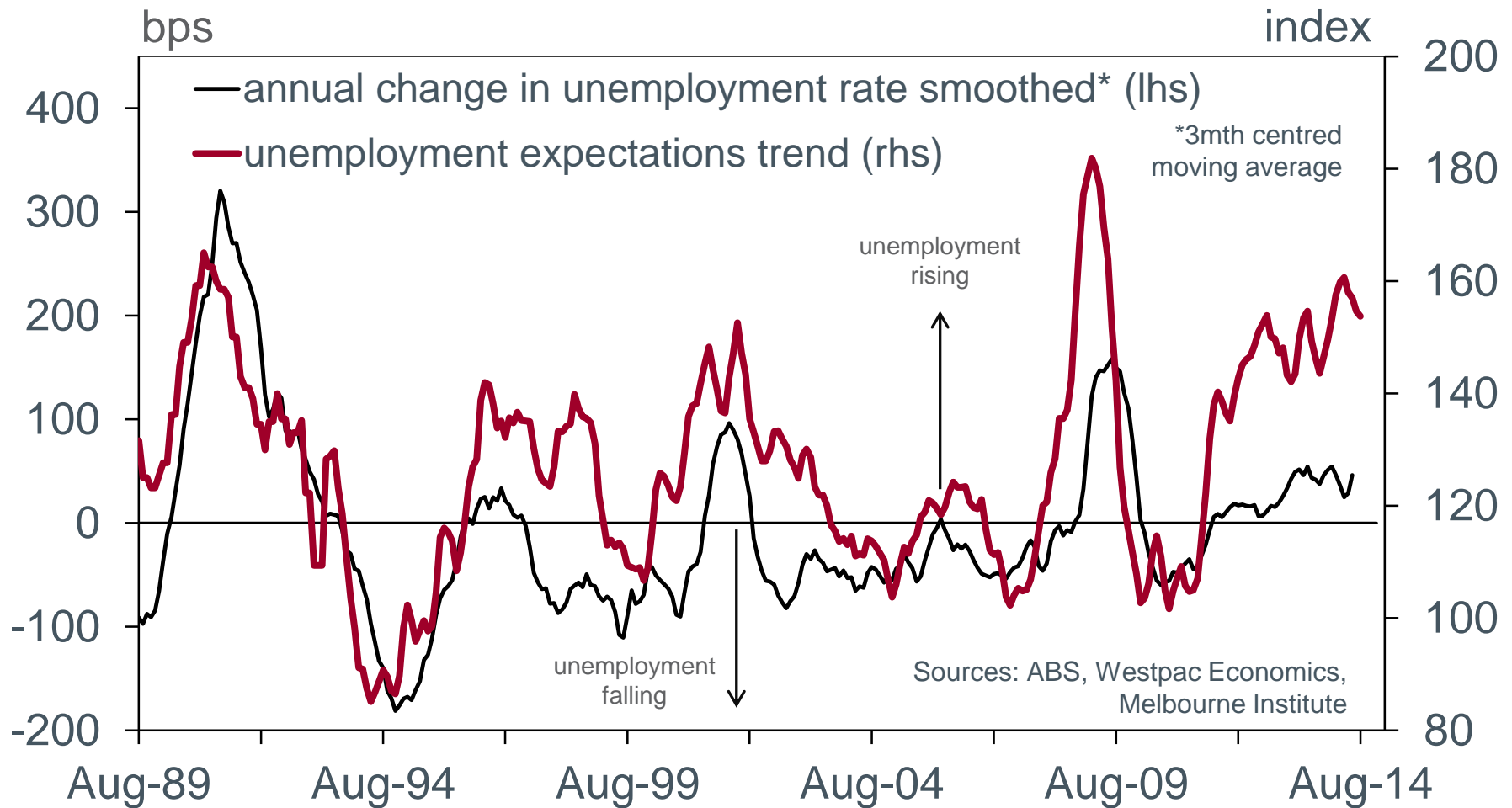
## *Consumer unemployment expectations (cont)*

- The state results show a widening variation with a more marked improvement in NSW and a significantly worse readings in Vic and SA.
- The Aug month saw big declines in Qld (−6.9%) and WA (−9.9%), a sizeable fall in SA (−4.7%), a smaller decline in NSW (−1.1%) but a 4.1% rise in Vic.
- Comparisons vs the peak in Mar and a year ago are more revealing. Whereas unemployment expectations are down significantly in NSW (−14.9% vs Mar and −1.6%yr) Qld (−8%, −6.5%yr) and WA (12.3% and 12%yr) they are essentially unchanged in SA and up in Vic (+0.4% vs Mar and +9.6%yr).
- The rise in Vic is particularly notable given the sharper deterioration in the state's unemployment rate: it hit 7% in July, up from 6.6% in June and 6.2% in May.

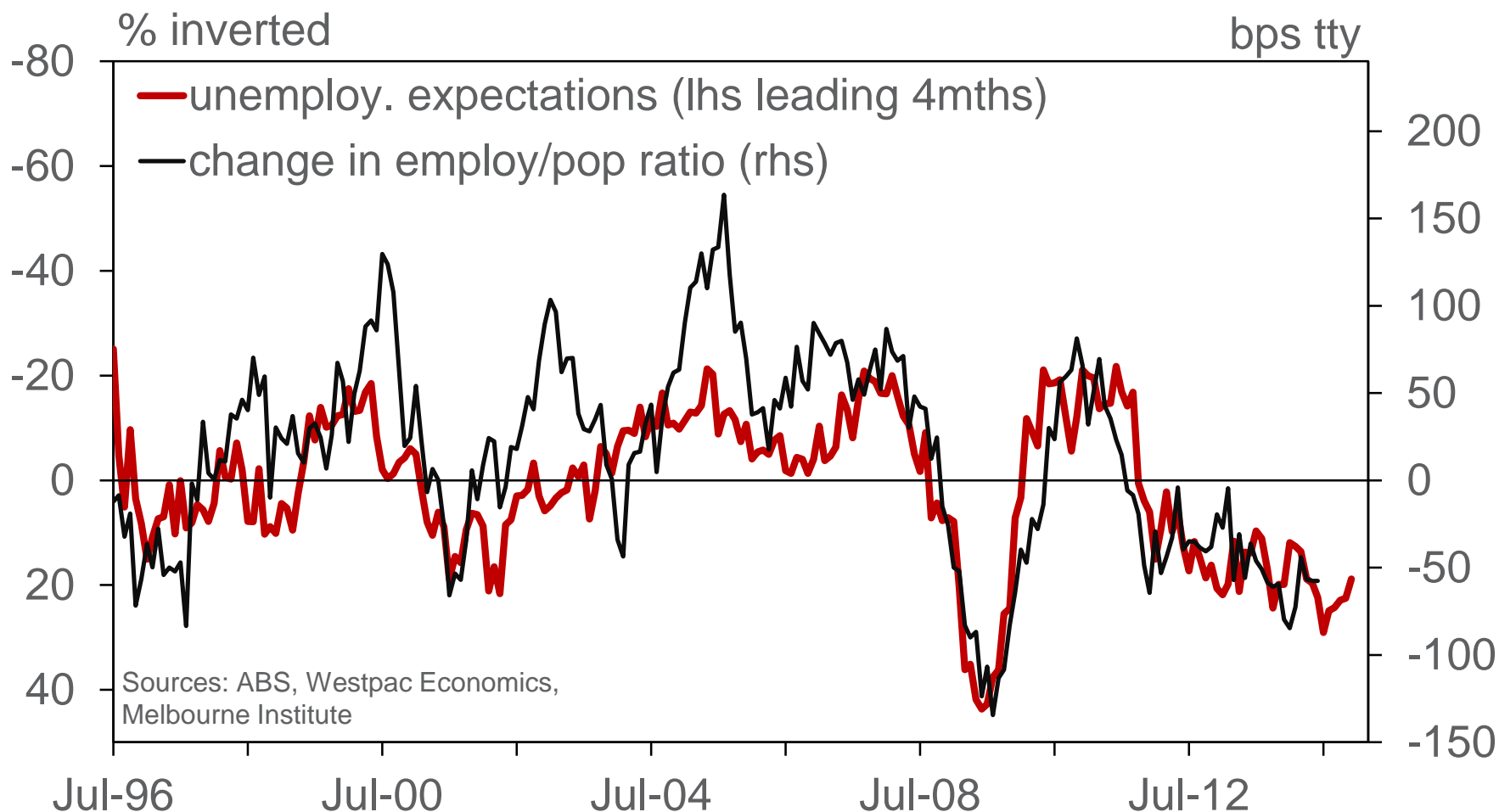
# The trend has peaked and is easing back...



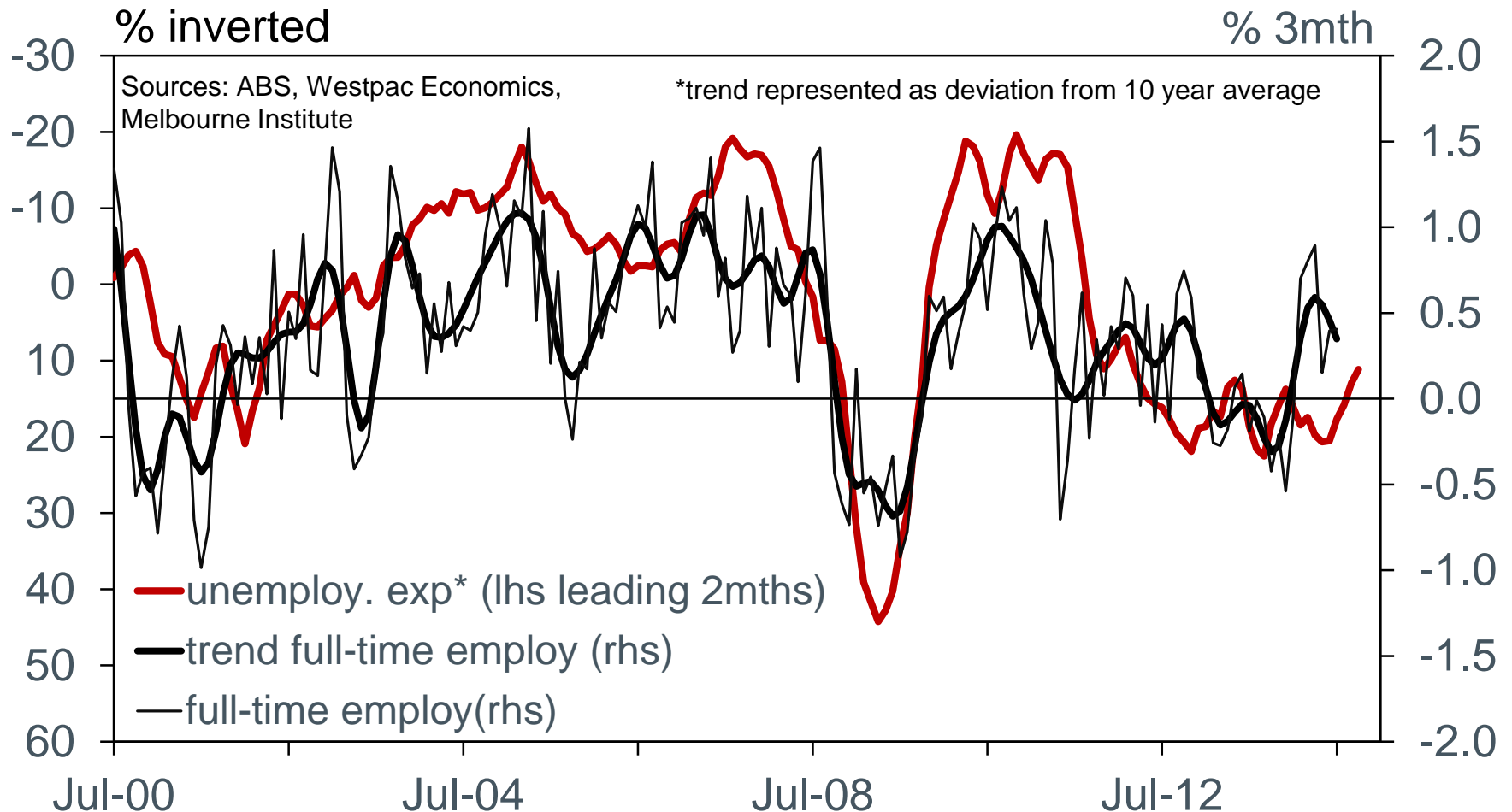
...but level remains very high



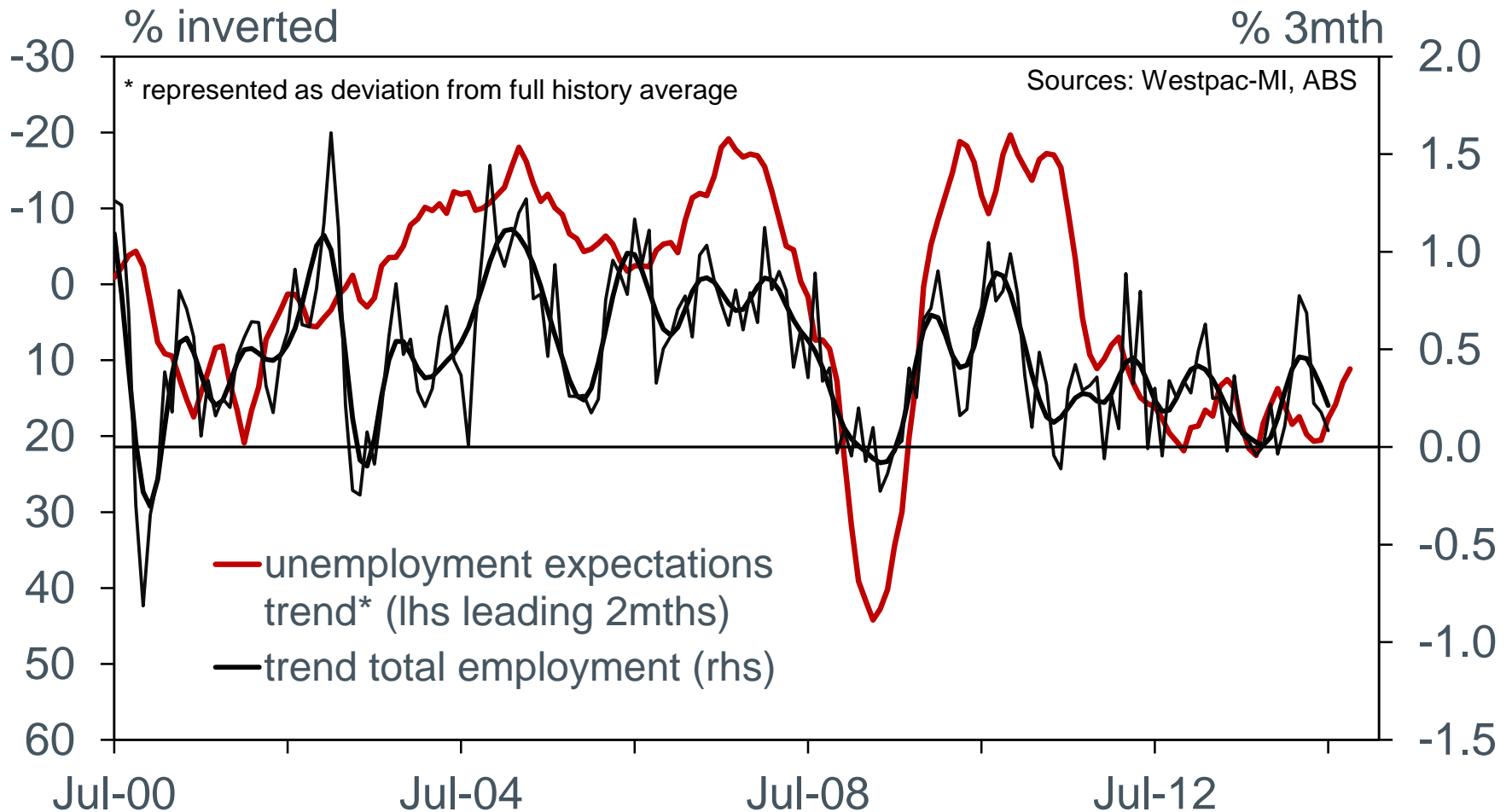
# Employment still lagging population growth ...



## ...but full-time jobs showing good gains in 2014



# Expectations point to similar jobs gains

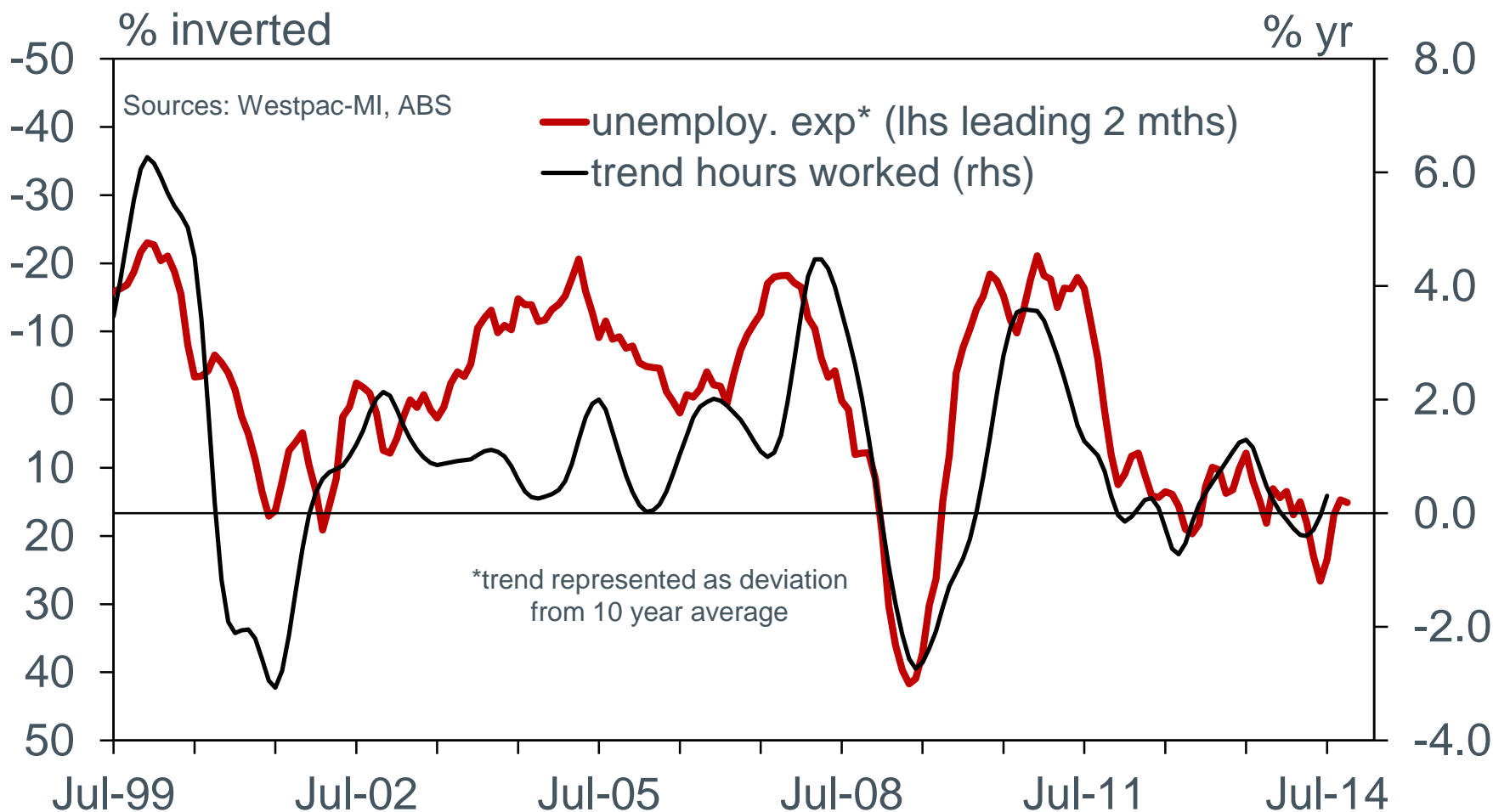




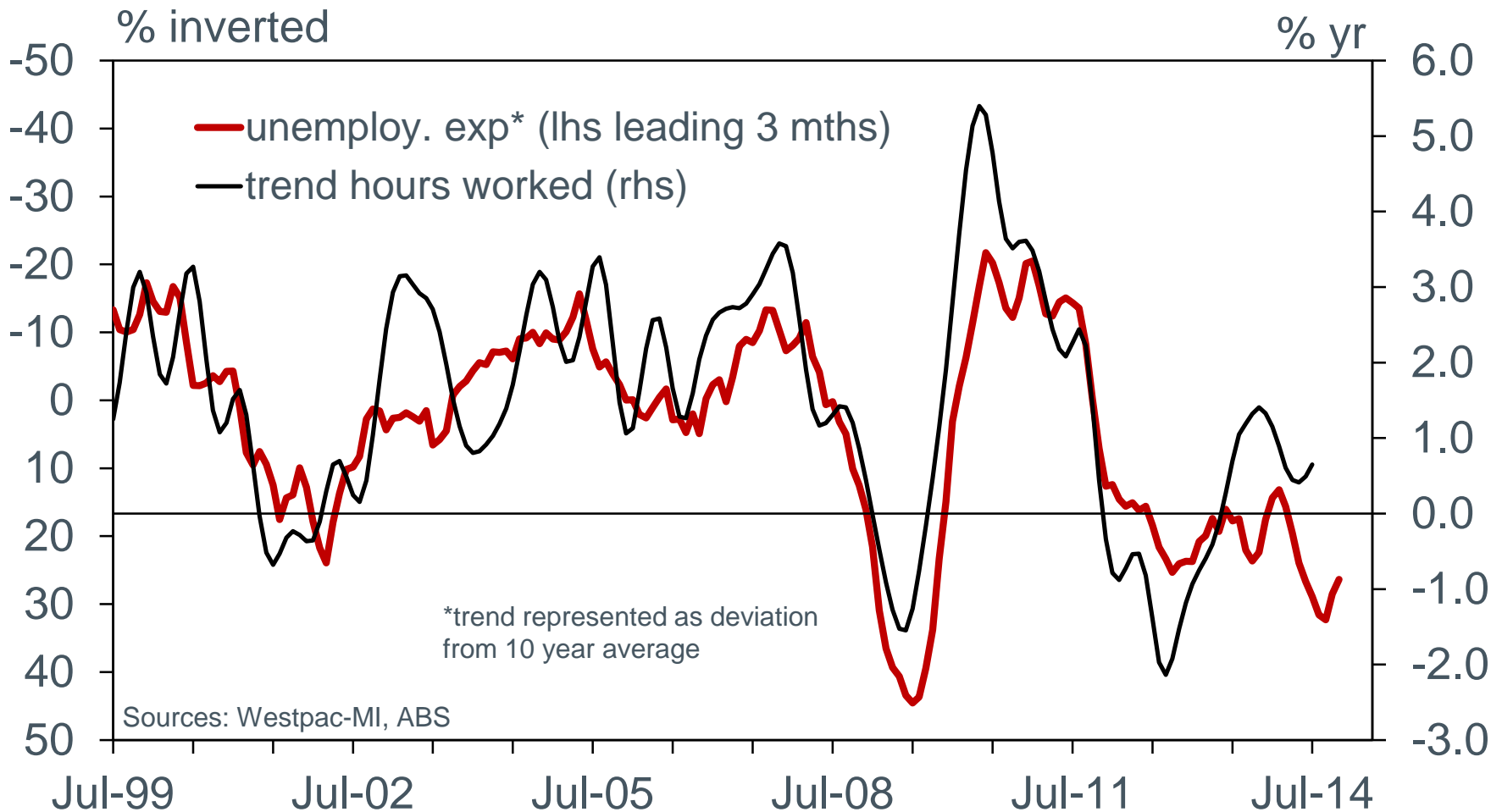
# Hours worked running ahead of expectations ...



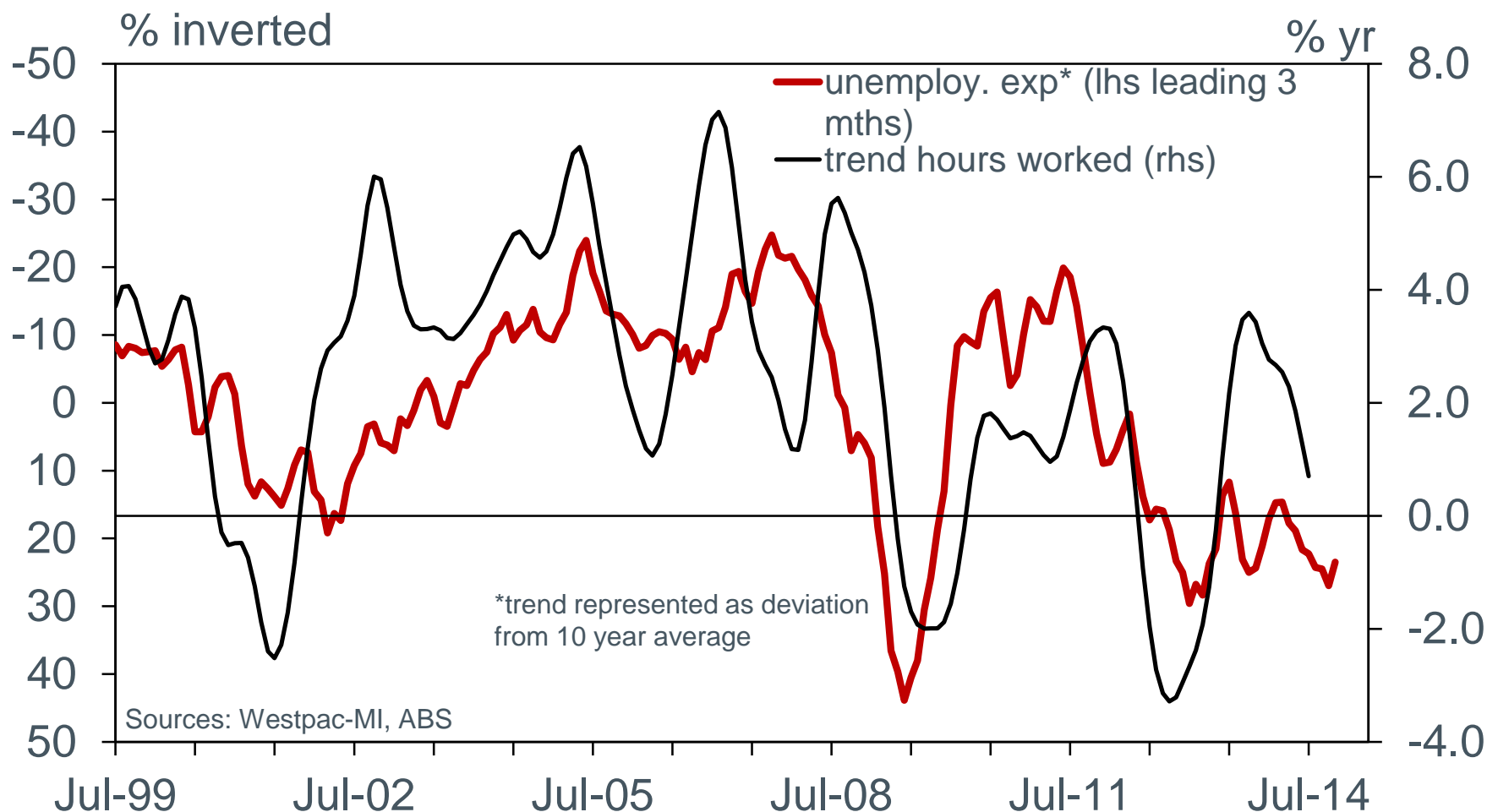
# NSW hours worked & expectations steady



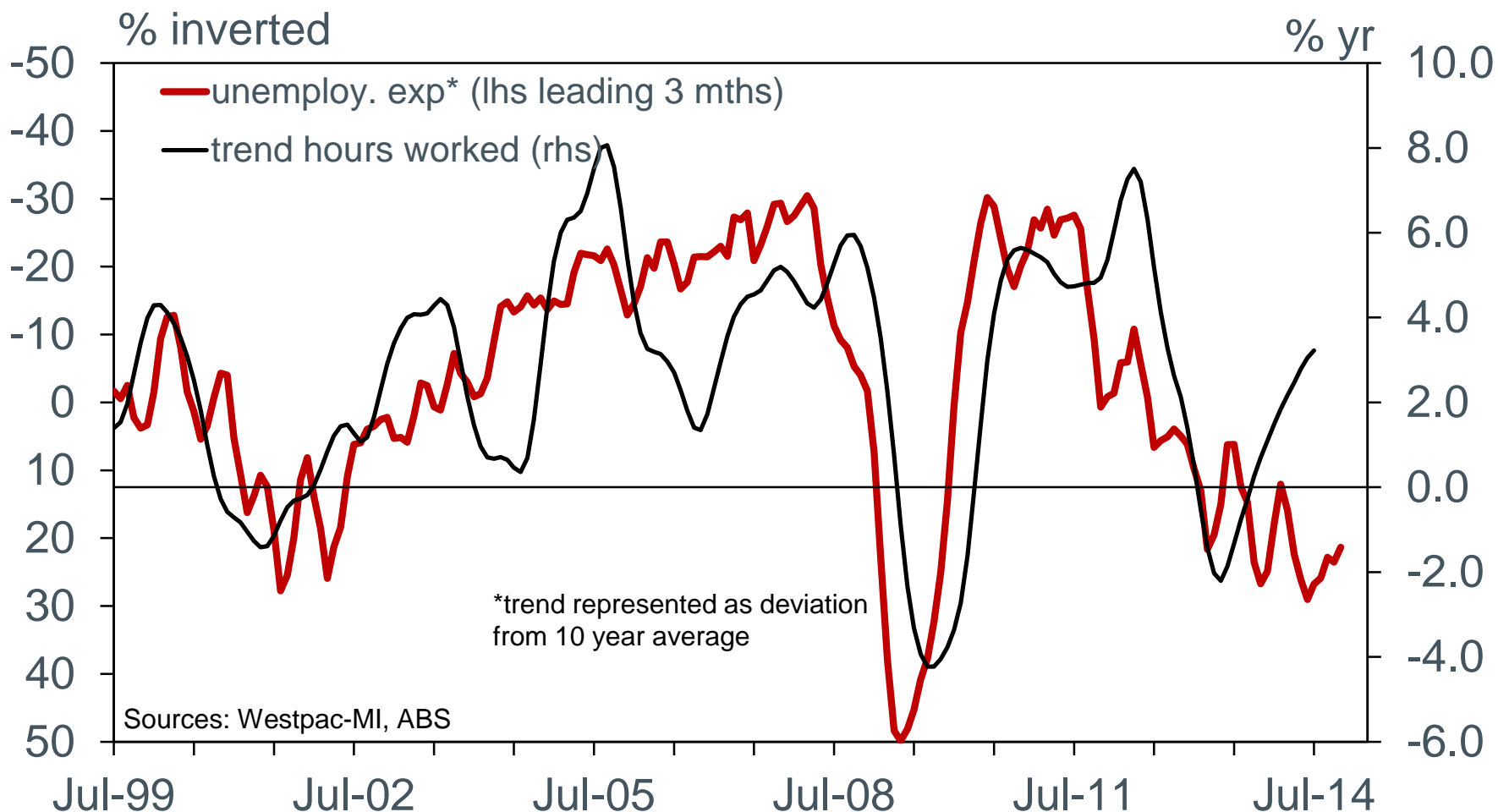
# Vic expectations very weak, hours slowing



# Qld hours worked falling back to expectations



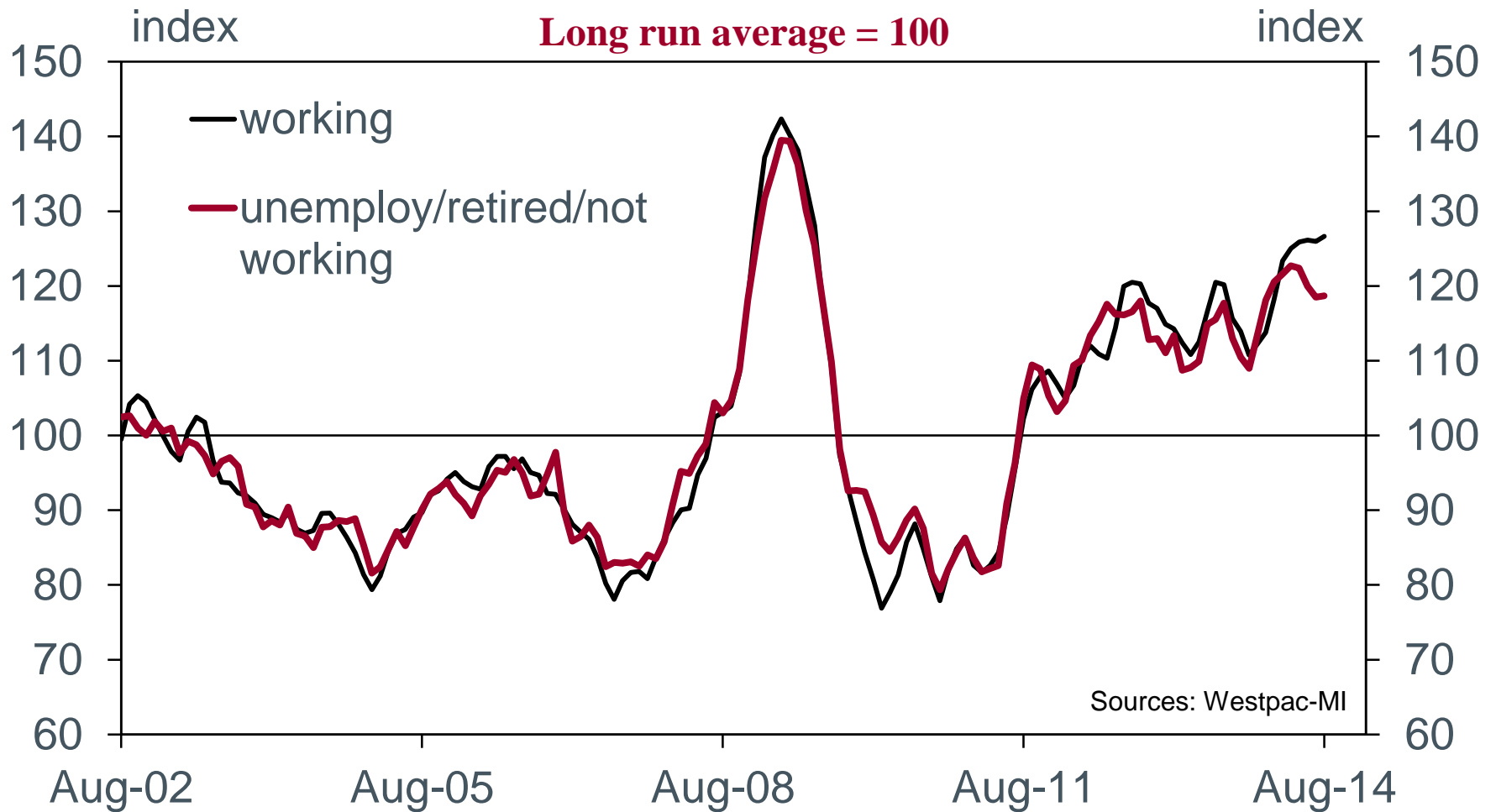
# WA hours worked showing steady gains



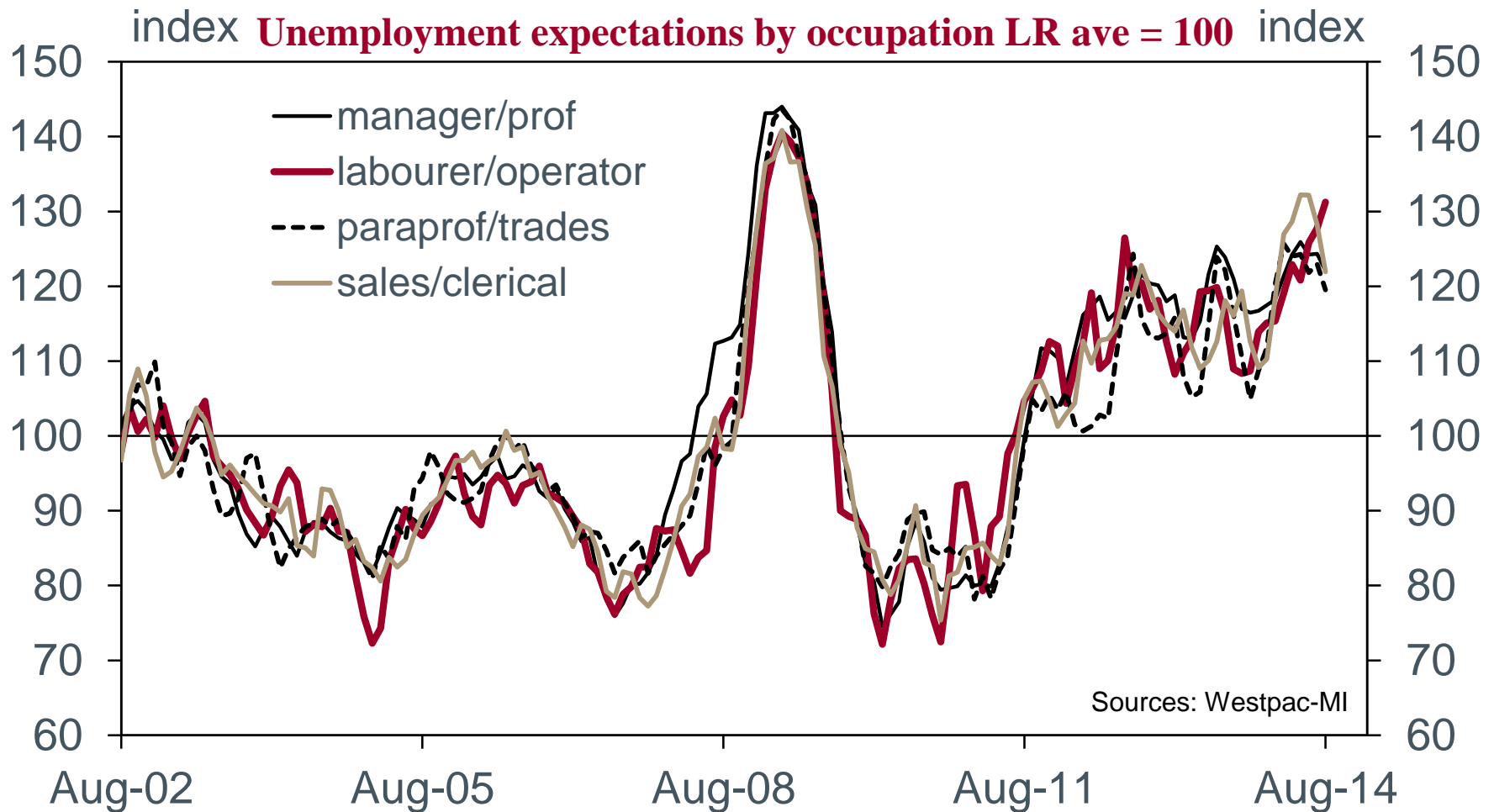
# SA expectations weak but hours firming



# Those in jobs are more worried

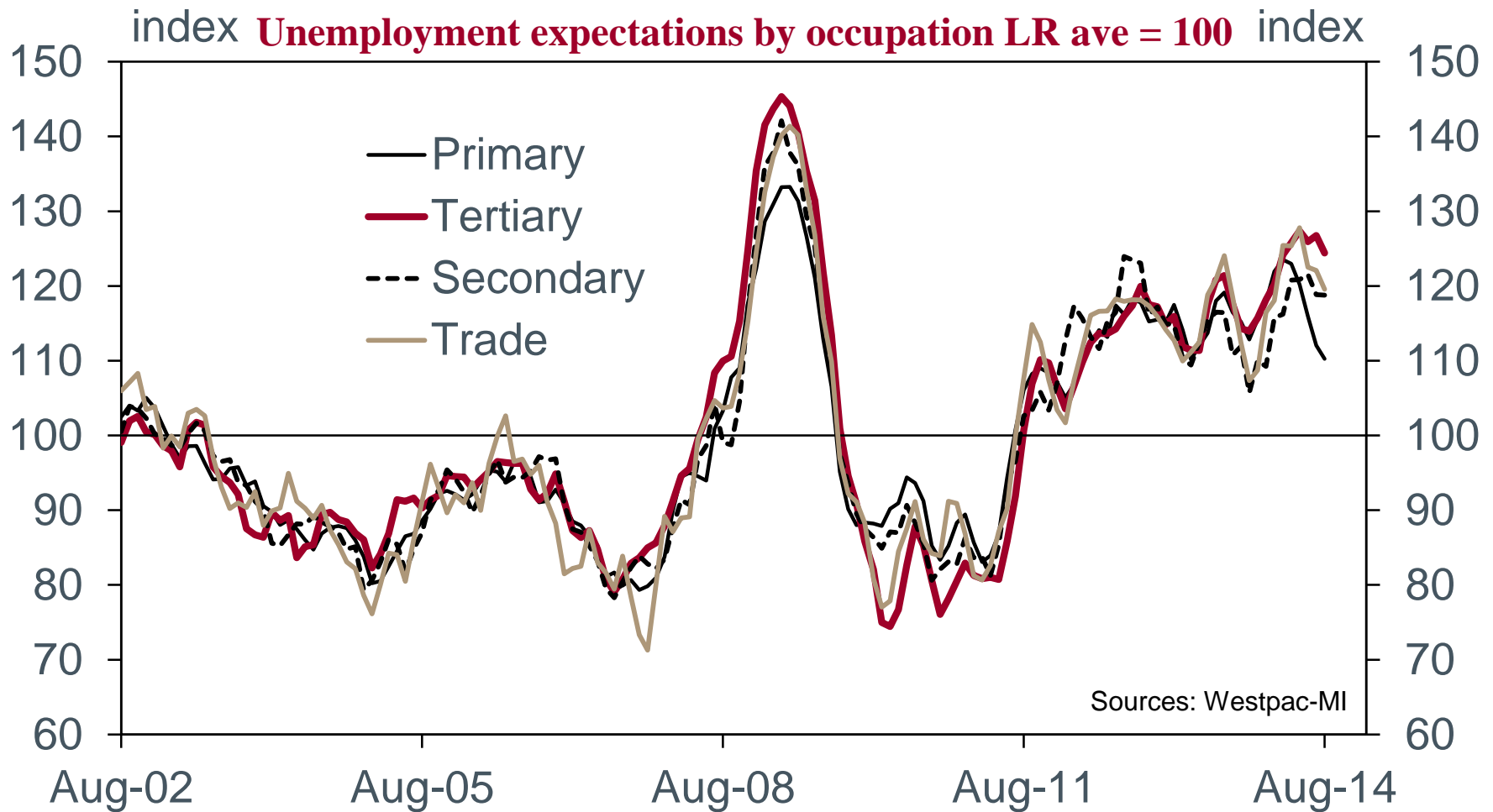


# Sales/clerical improve, labourers weaken

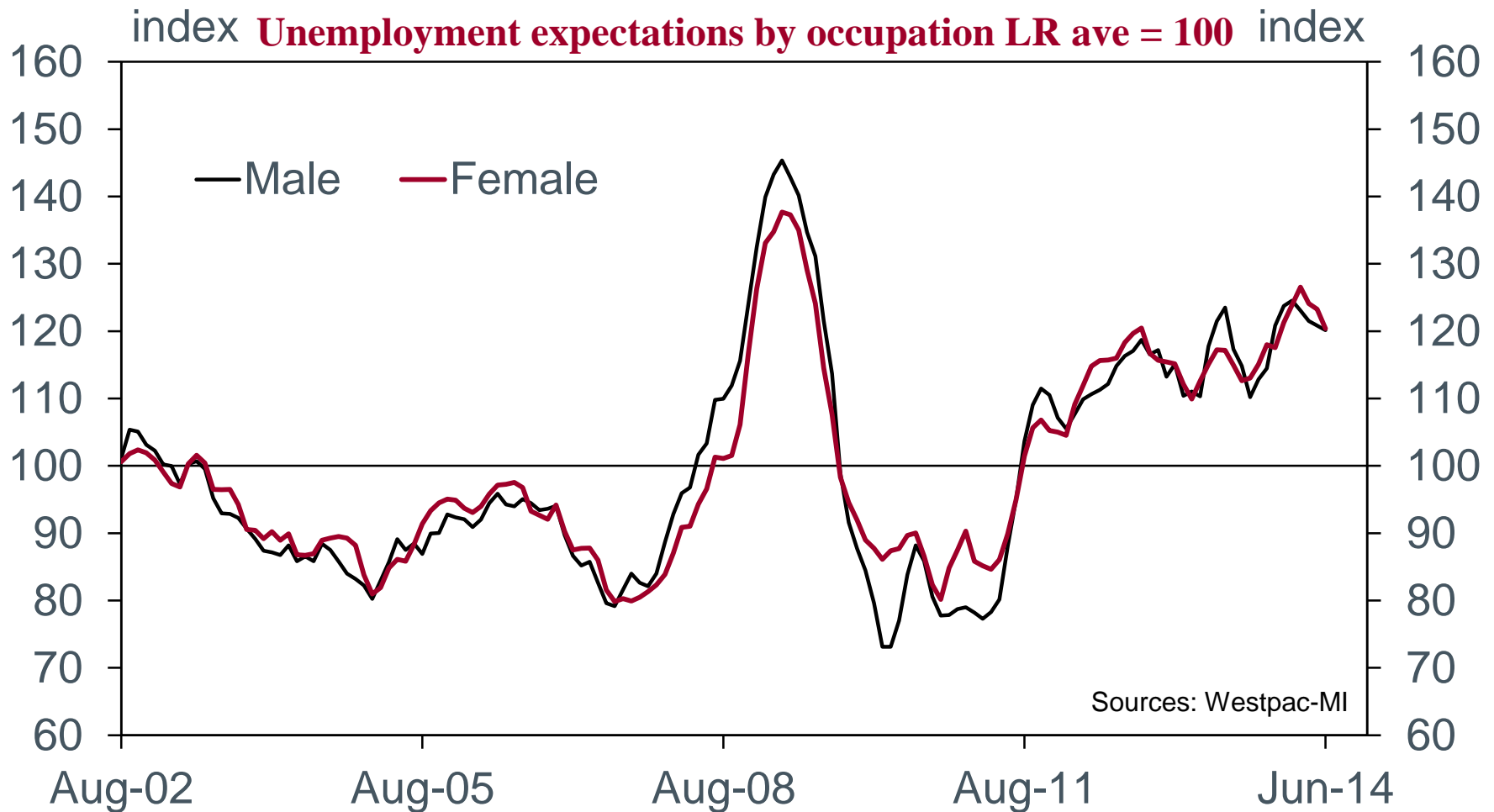




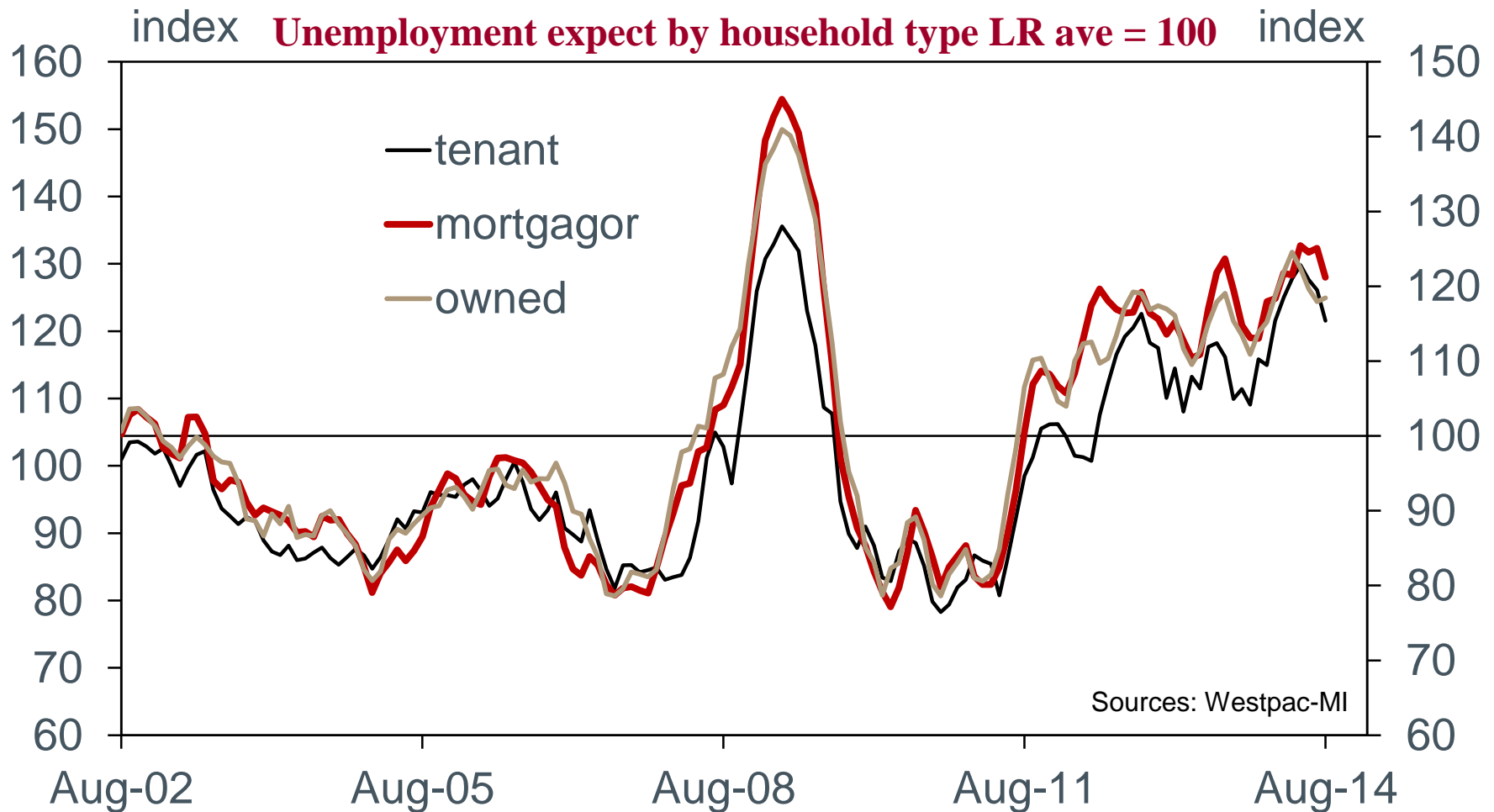
# Bigger improvement amongst low-qualified



# ‘Gender gap’ on expectations has closed



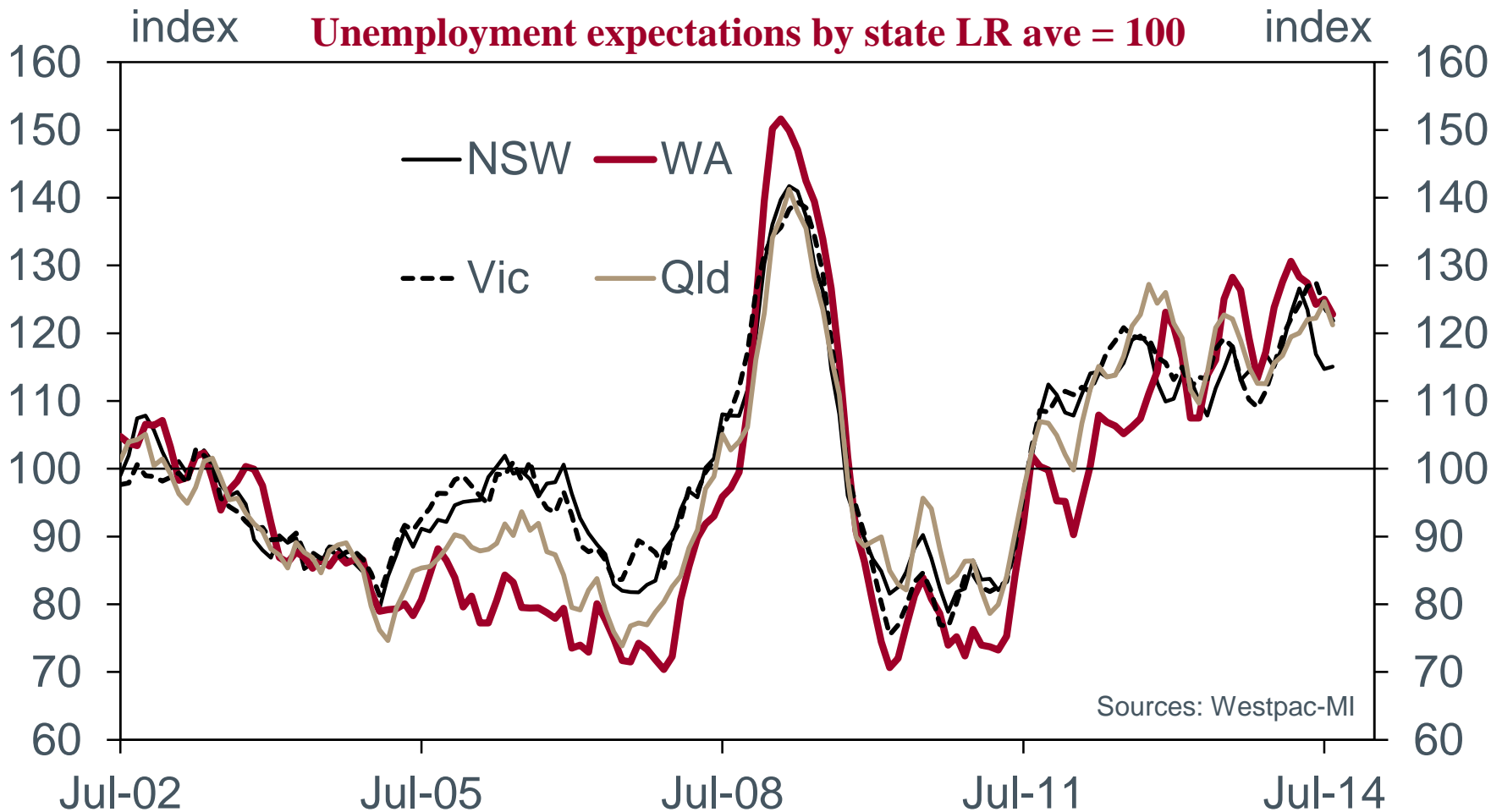
# Those with mortgages still more worried



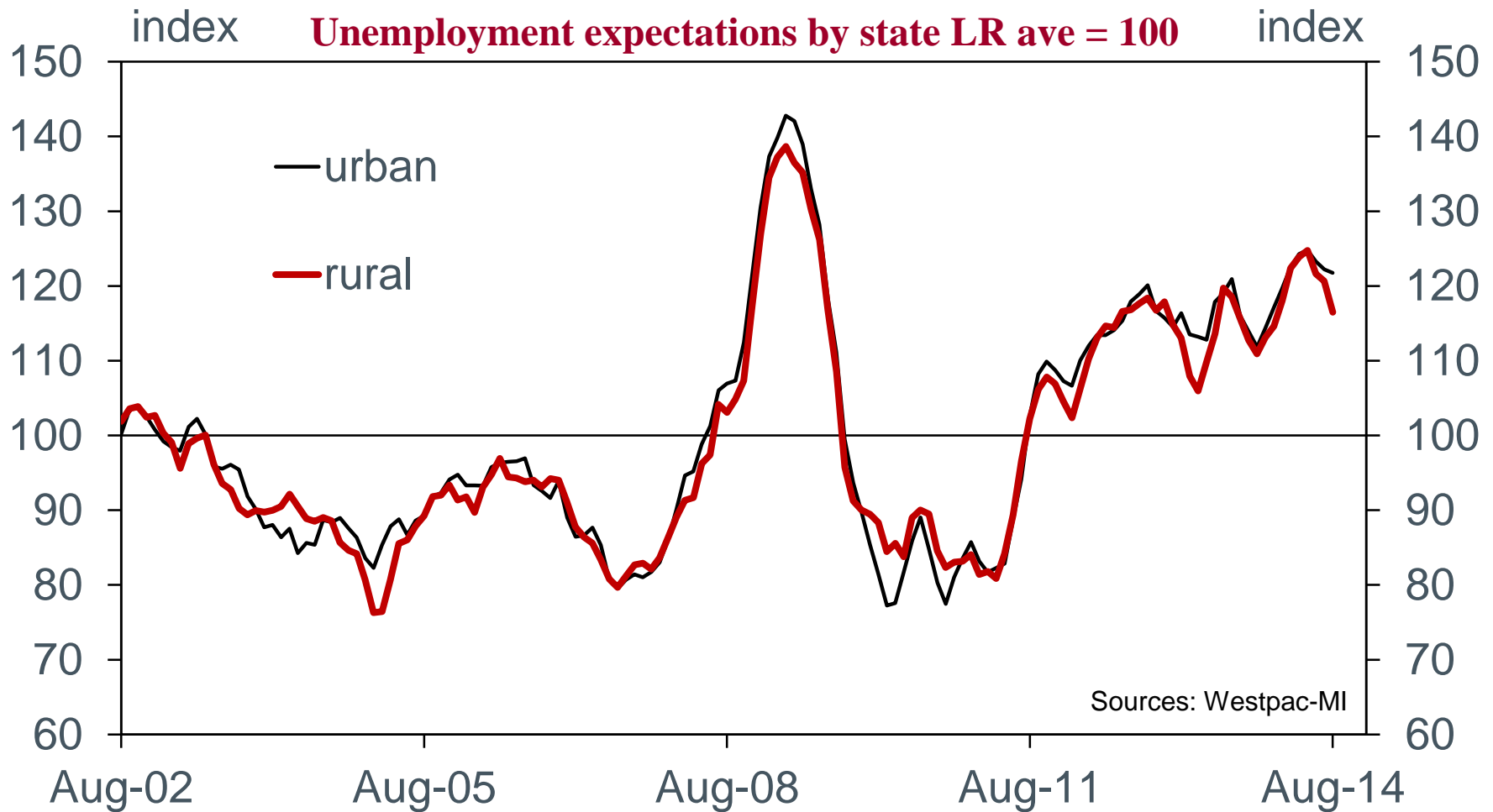
# Sydneysiders showing much bigger improvement



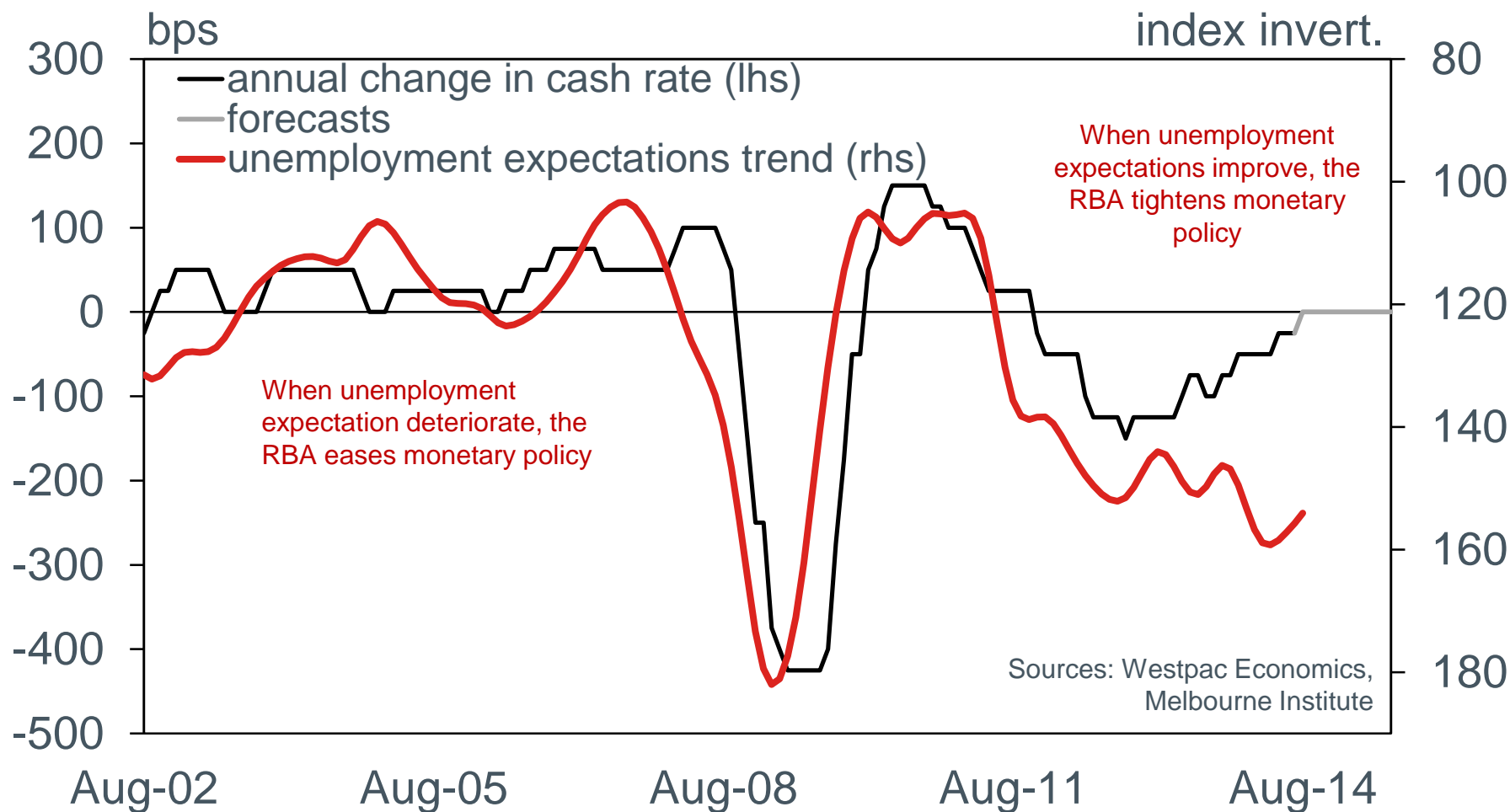
...with NSW the most optimistic state ...



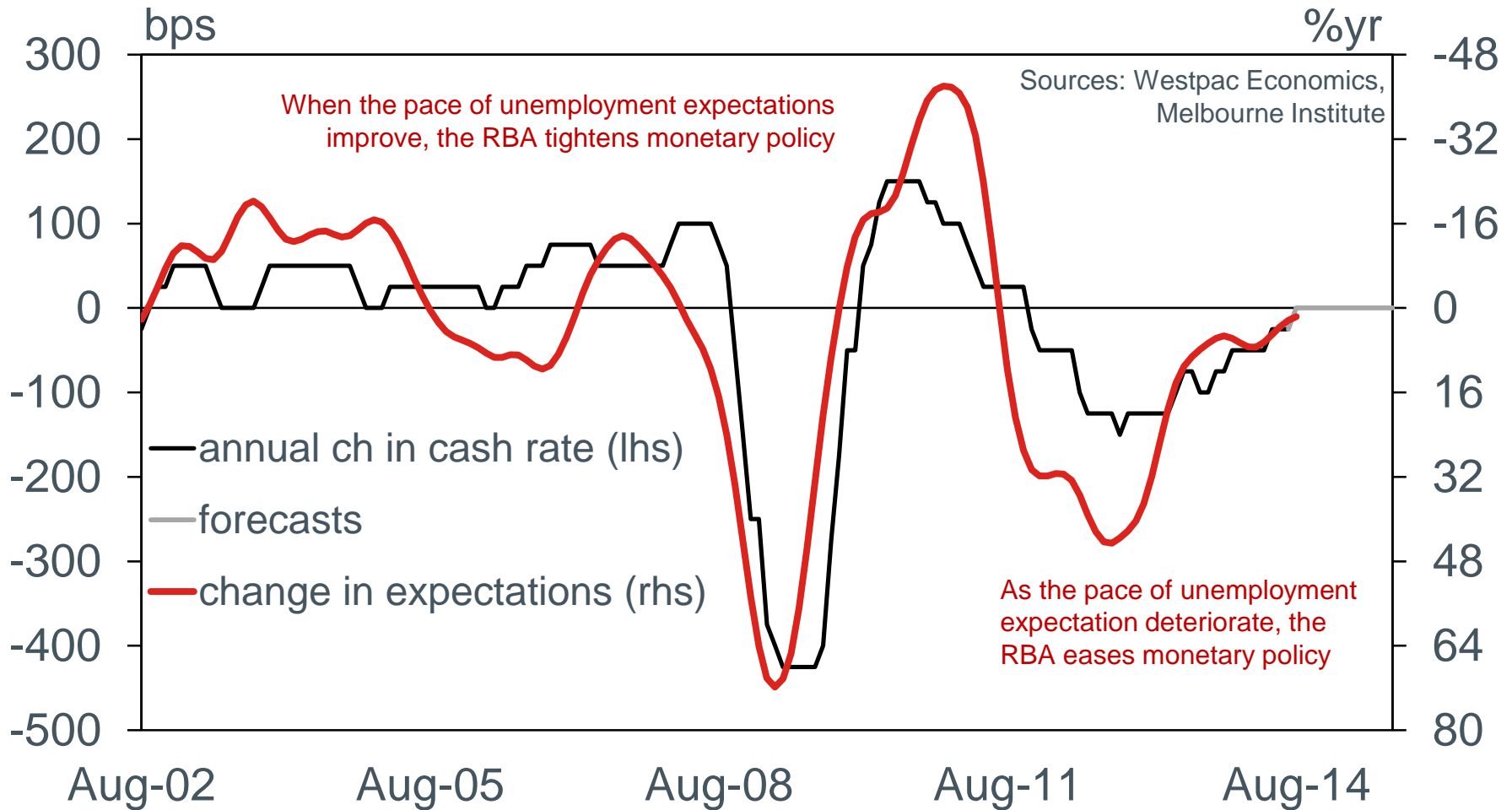
# Rural areas showing bigger improvement



# Job worries continue to point to low rates...

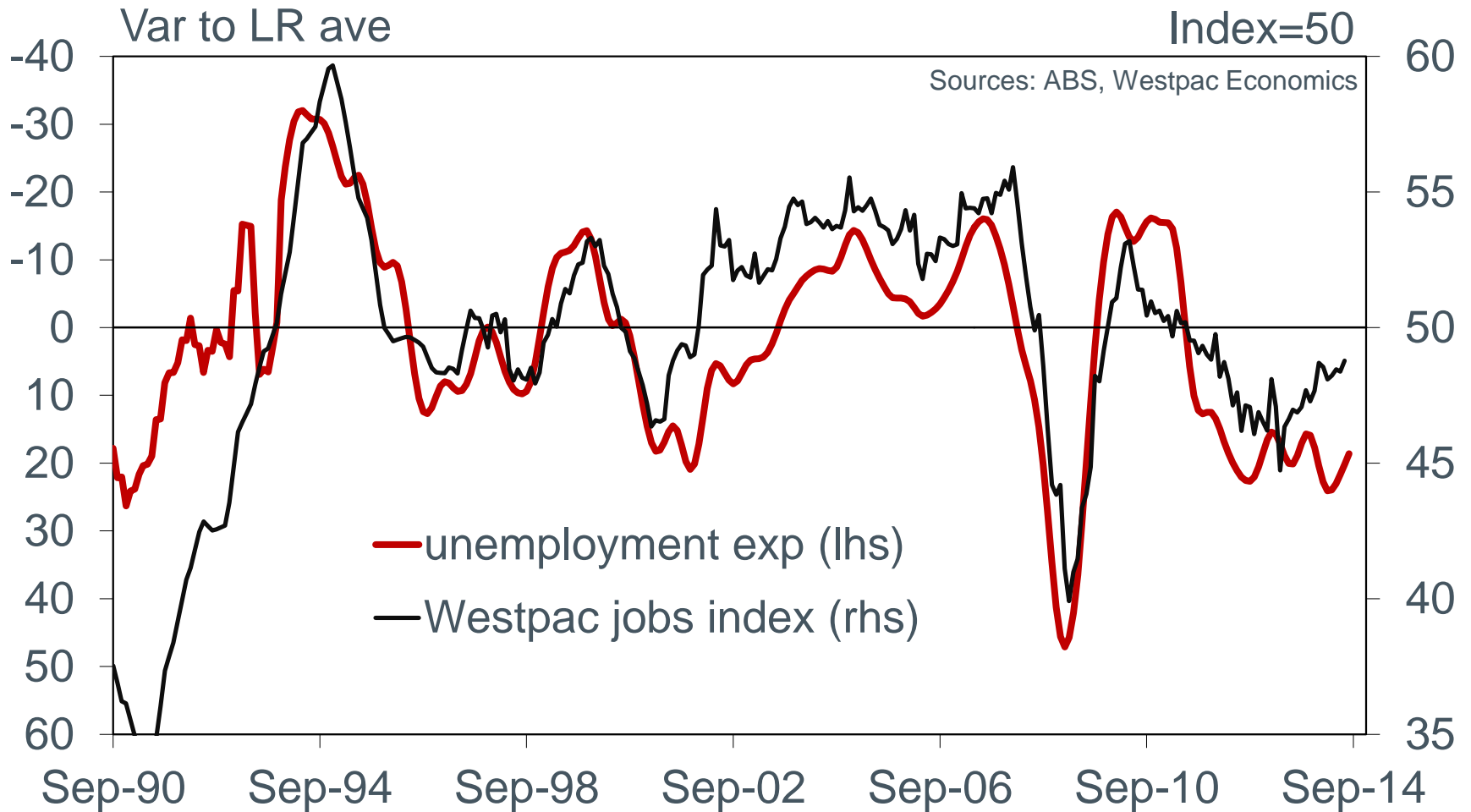


## ...but the pace of change consistent with on hold





# Jobs index suggests a turning point



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