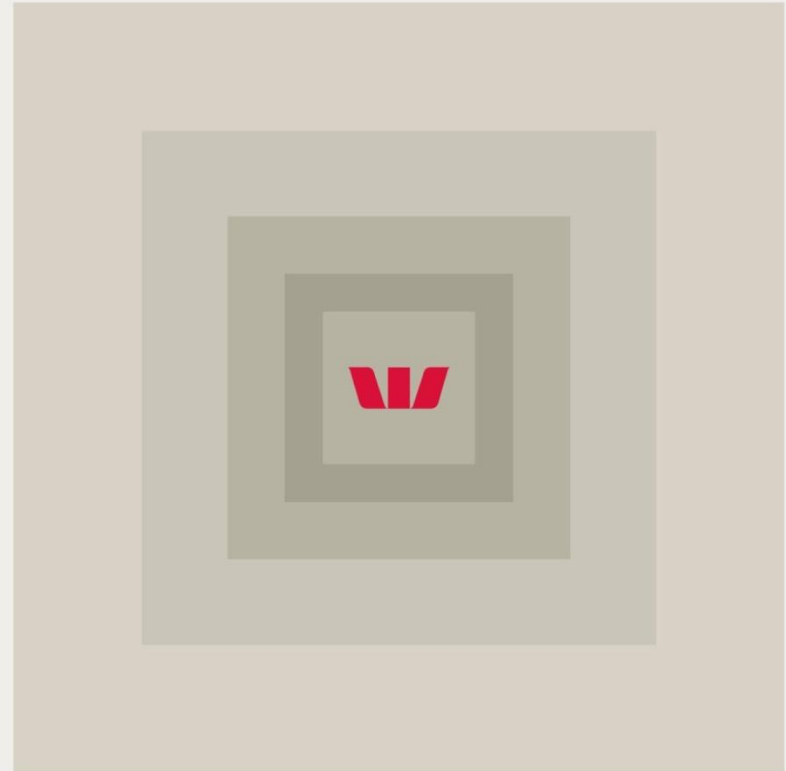


Westpac Melbourne Institute Consumer Sentiment

Unemployment expectations
chart pack.

September 2014



Westpac – Melbourne Institute

Consumer unemployment expectations

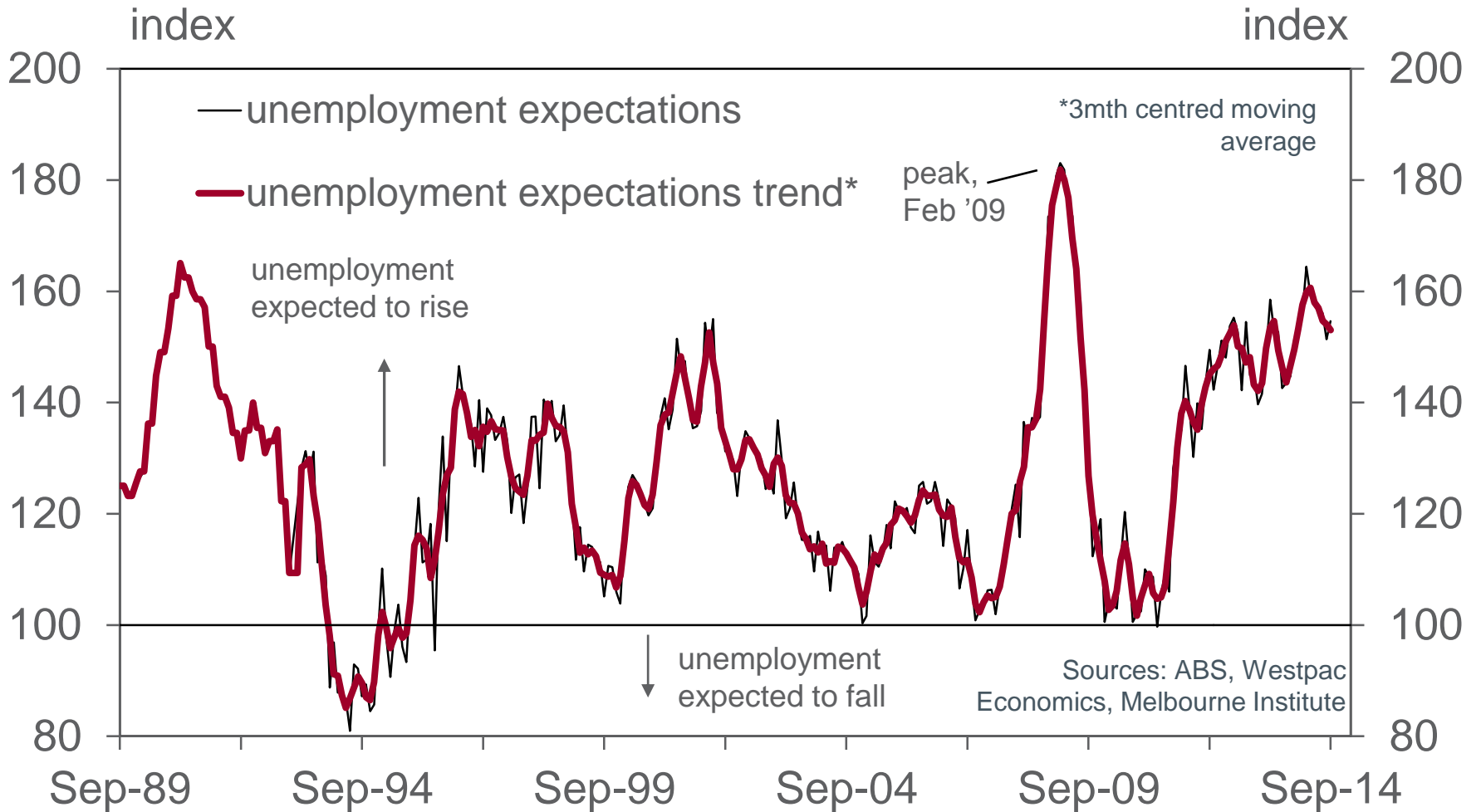
- The Westpac-Melbourne Institute Unemployment Expectations Index rose 2.1% in Sep following on from a –3% decline in Aug, –0.3% in Jul and –1.1% in Jun. Recall that a lower reading from the index indicates reduced concern around the labour market.
- This is the first rise in six months leaving the index 6.0% below its Mar peak. The index appears to have peaked with a trend decline now evident through the last six months. The rise in Sept was not enough to reverse this trend with the trend series falling –0.7% in Sept following on from –0.4% in July and –1.5% in June.
- The through the year pace is now 8.5%yr to Sep up from –0.9% in Aug. Remember we saw apparent trend peaks in 2012 and 2013 that ultimately proved to be false, or unsustainable, turning points.
- This time around the business surveys continue to reveal a more substantive improvement suggesting that this may be a more genuine turning point & that the rise in Sep was just monthly volatility.

Westpac-Melbourne Institute

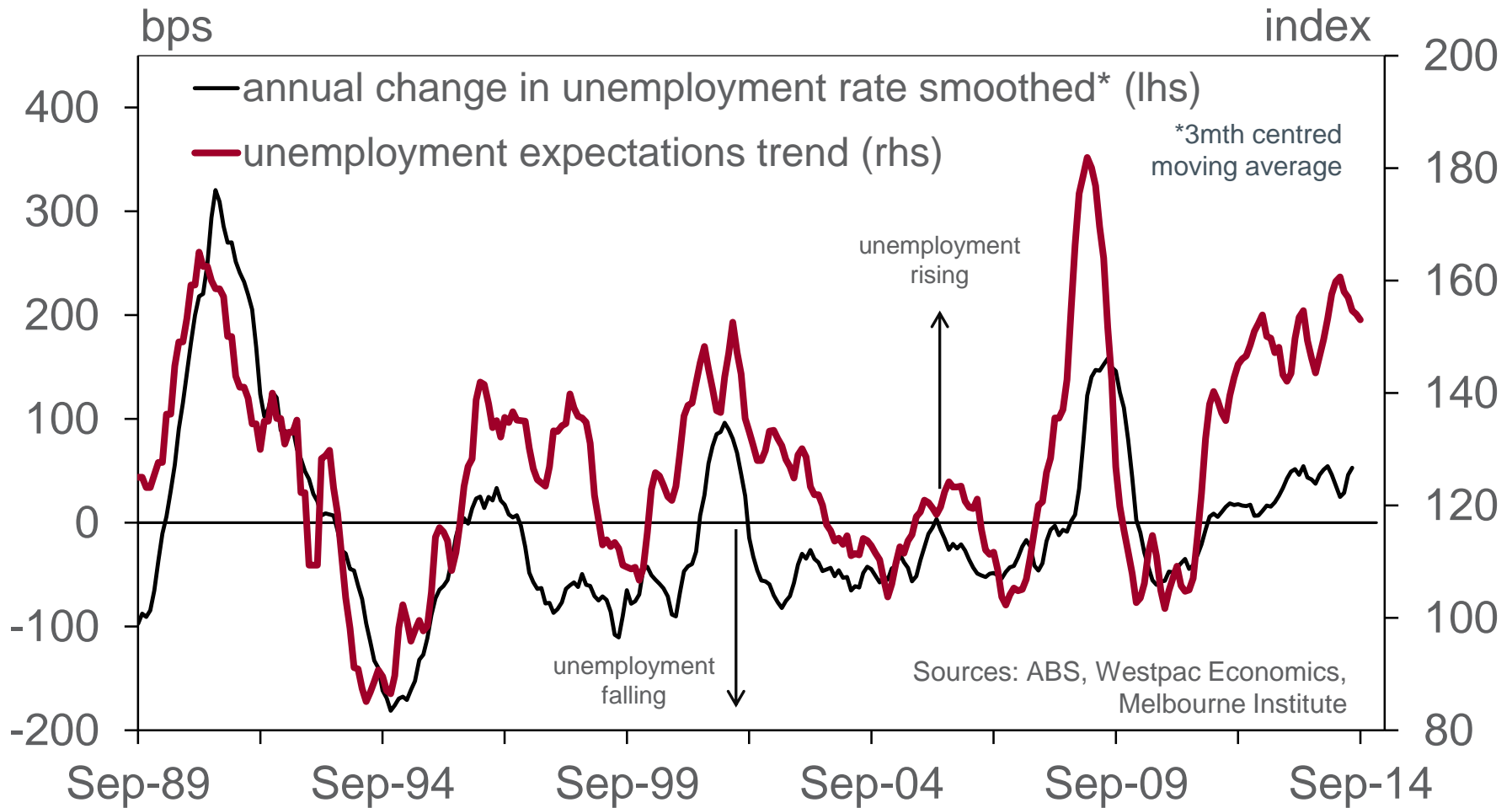
Consumer unemployment expectations (cont)

- This month the big surprise was in the split between the main cities (Sydney and Melbourne) and the others. The bounce was all in “the others” (they are not reported separately) while expectations in Melbourne and Sydney continue to fall (improve).
- By state, Victorian expectations did decline in the month but they rose in NSW (+3.1%). The largest jump was in Qld up 11.4% in the month. We note that both NSW and Qld have large non-capital city populations with Qld having the relative largest share due to the Gold Coast/Sunshine Coast strip. WA reported a smaller rise of 1.5%.
- Expectations are also significantly weaker relative to hours worked in Qld.
- Westpac’s Jobs Index has continued to improve. In the past, the broader trend in the Jobs Index has lead turning points in unemployment expectations.

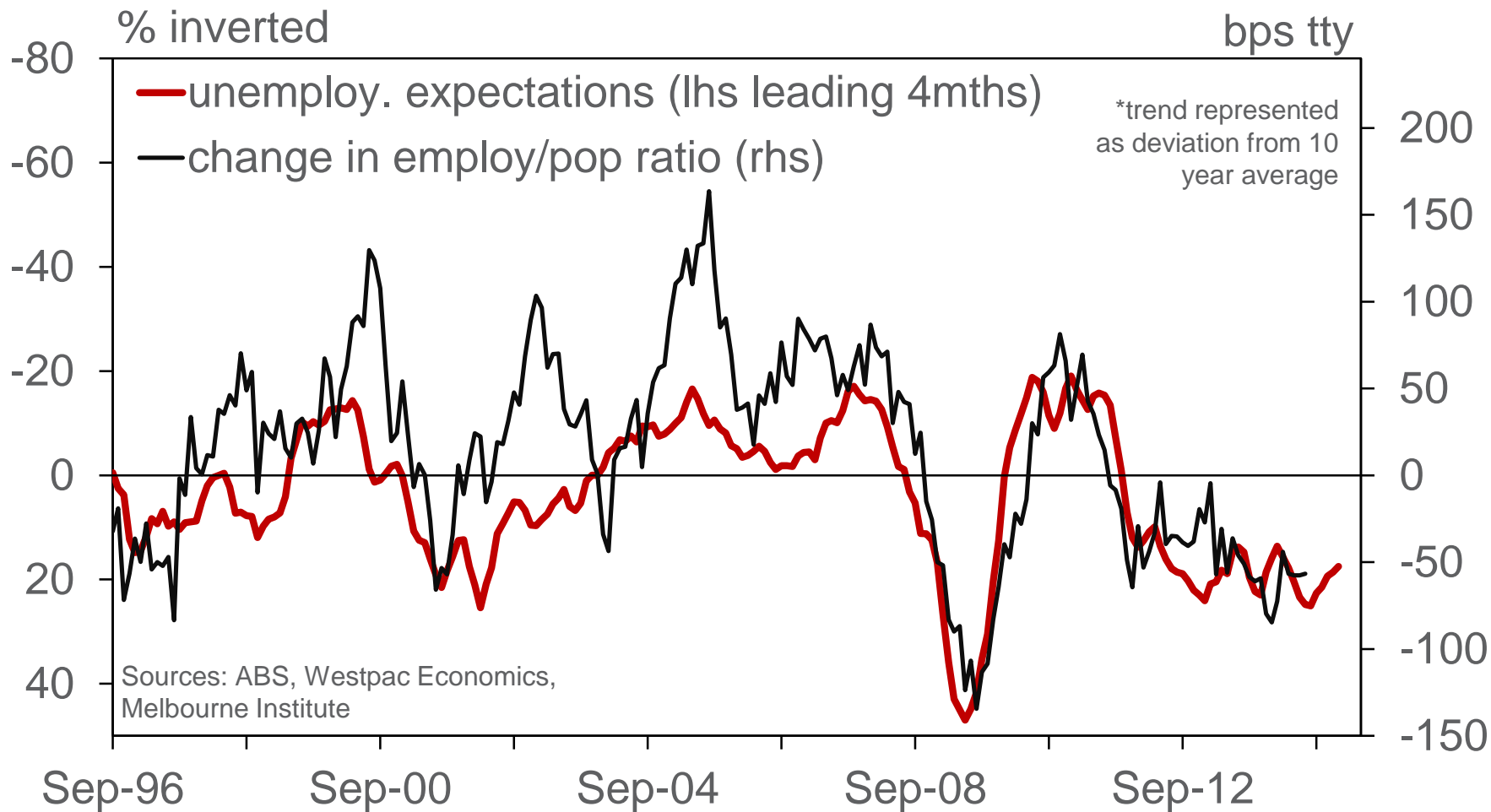
The trend has peaked and is easing back...



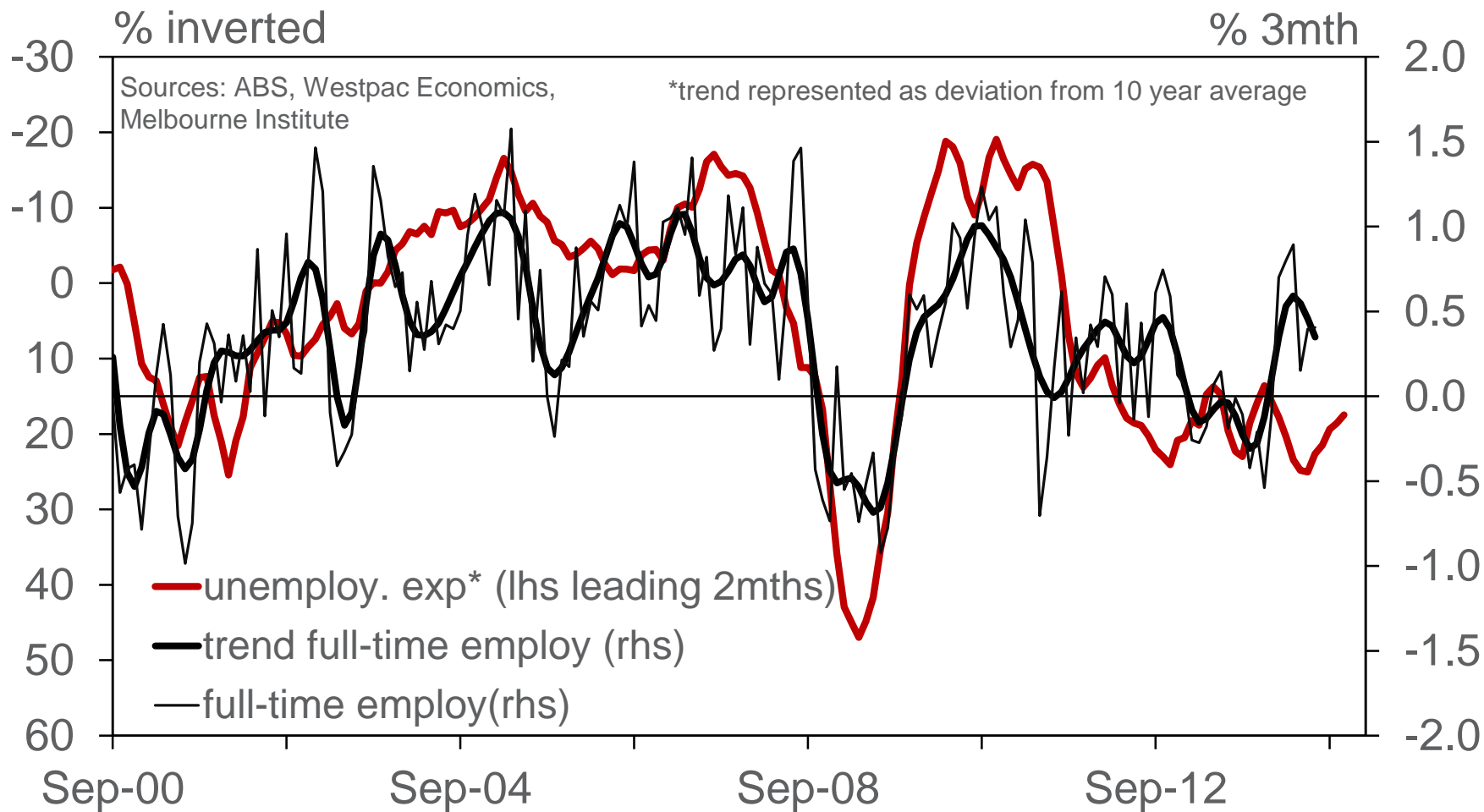
...but level remains very high



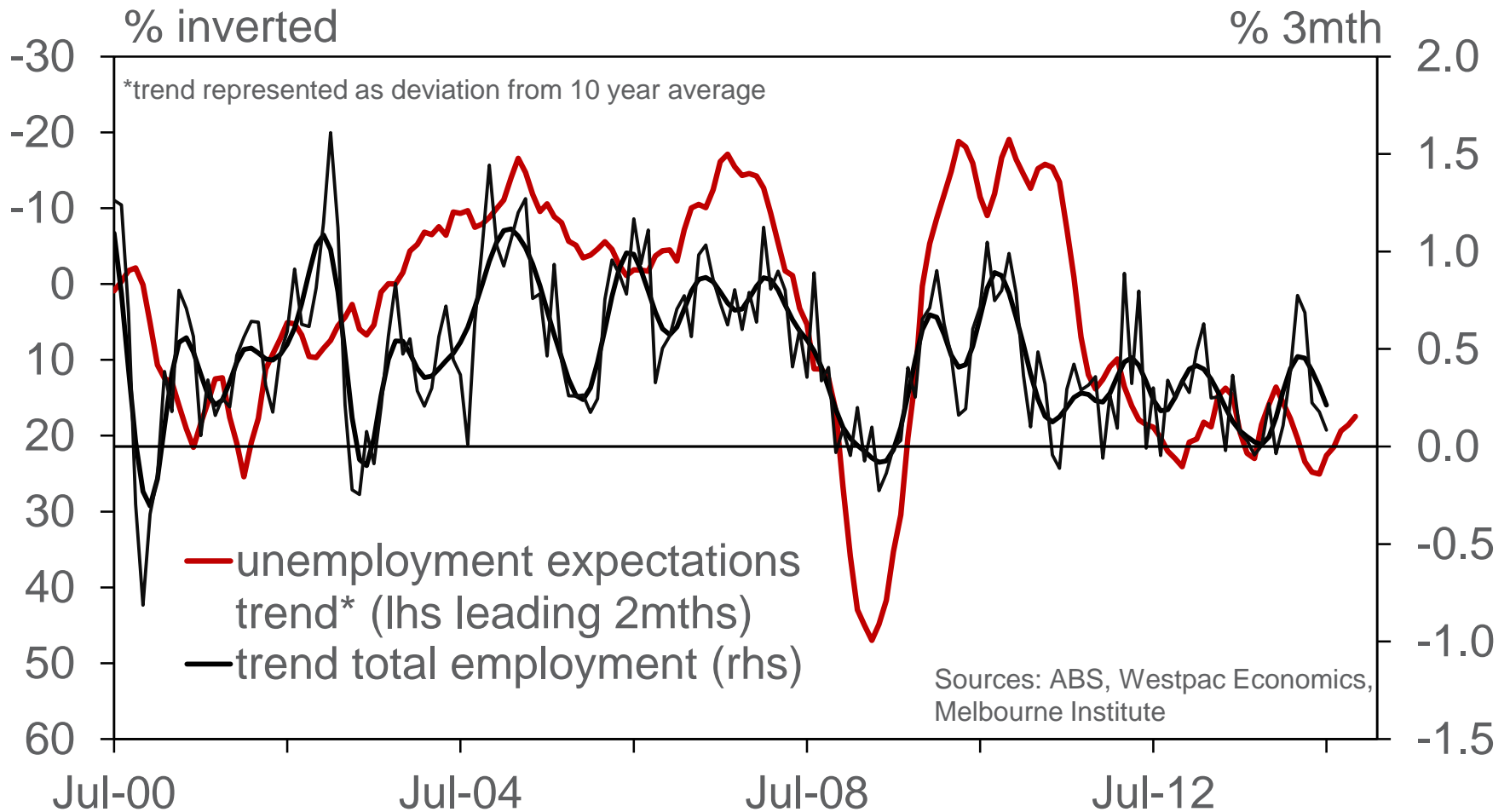
Employment has been lagging population growth ...



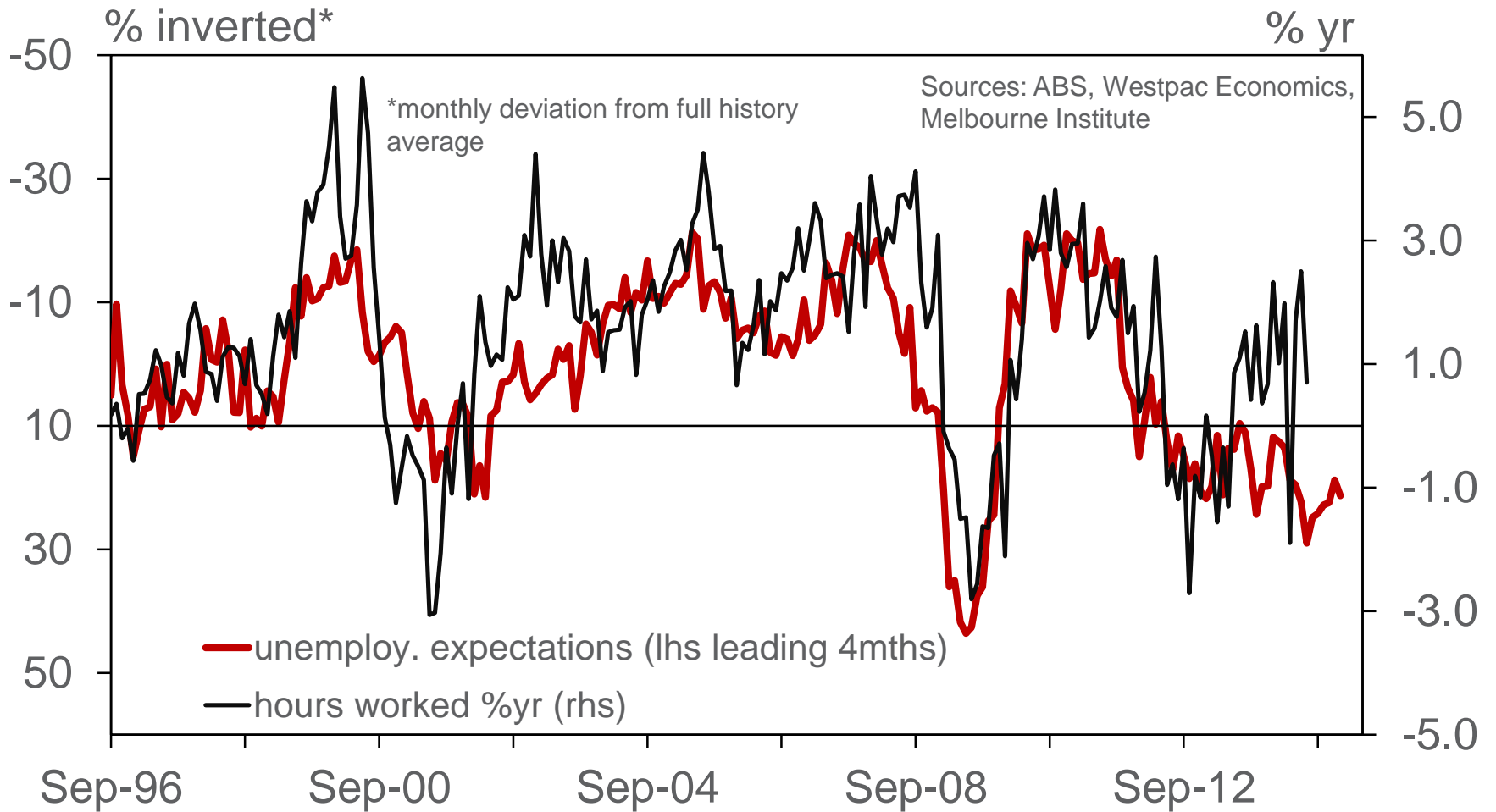
...but full-time employment has lifted...



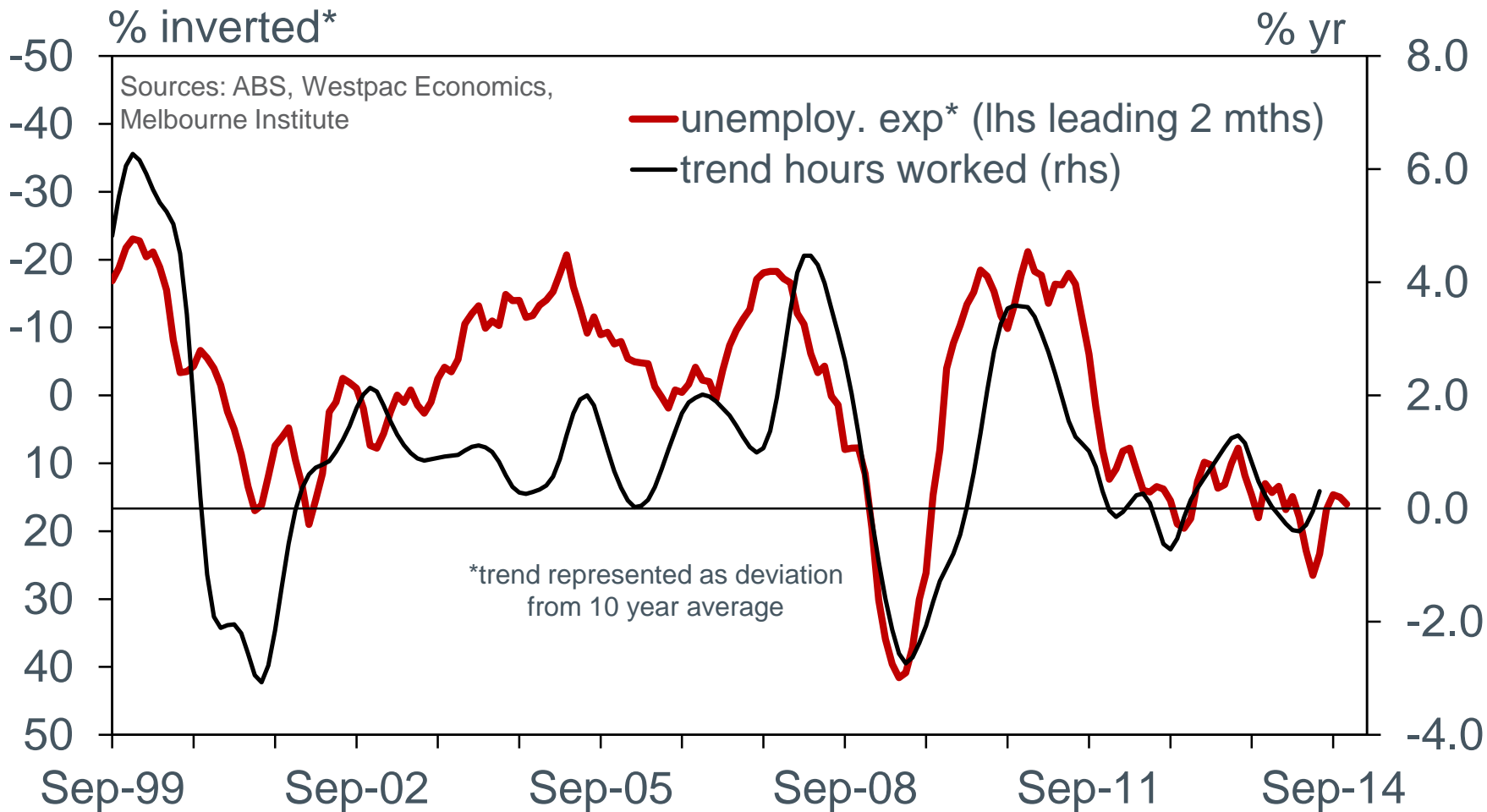
...& expectations have improved.



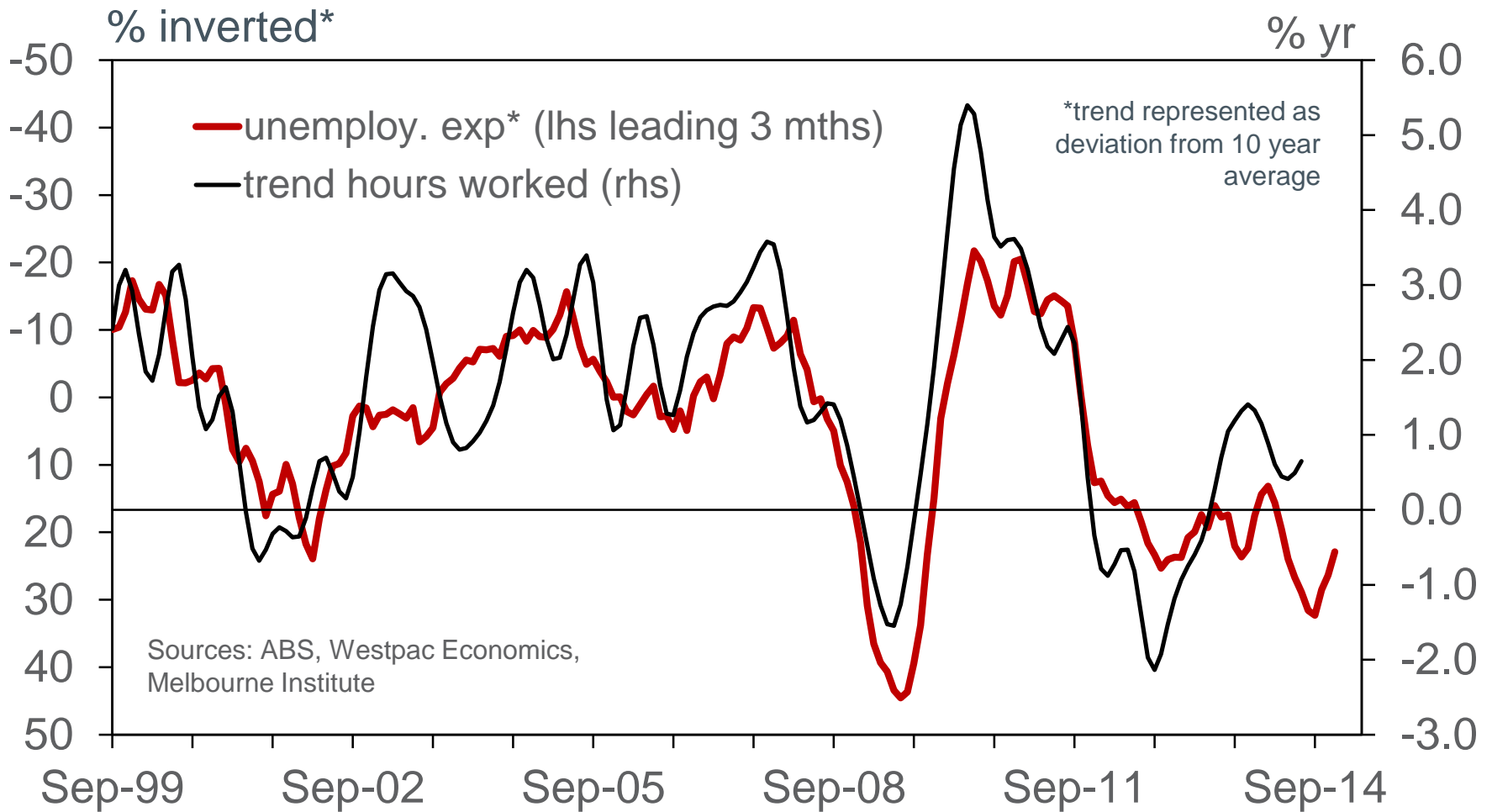
Hours worked running ahead of expectations ...



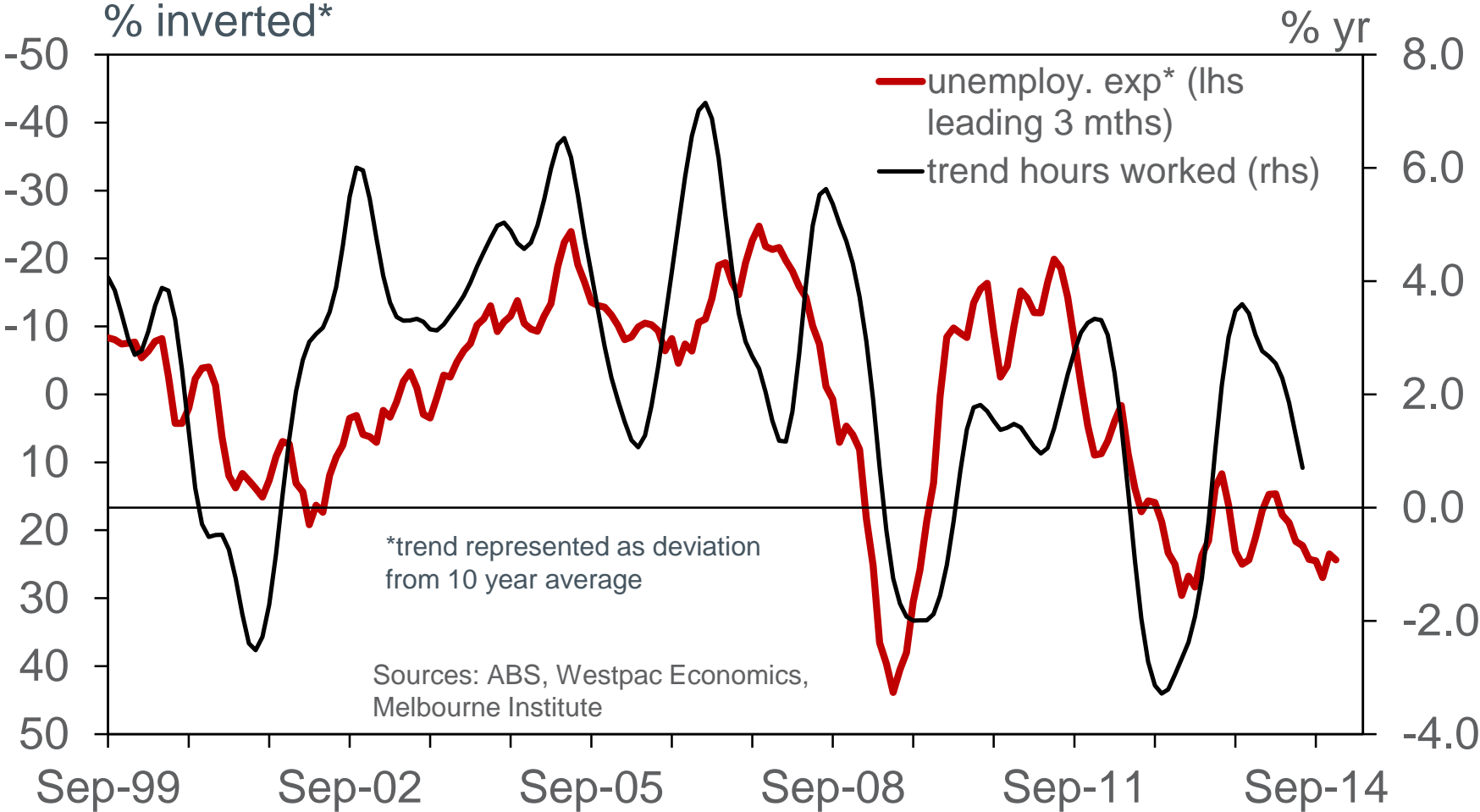
NSW hours worked & expectations steady



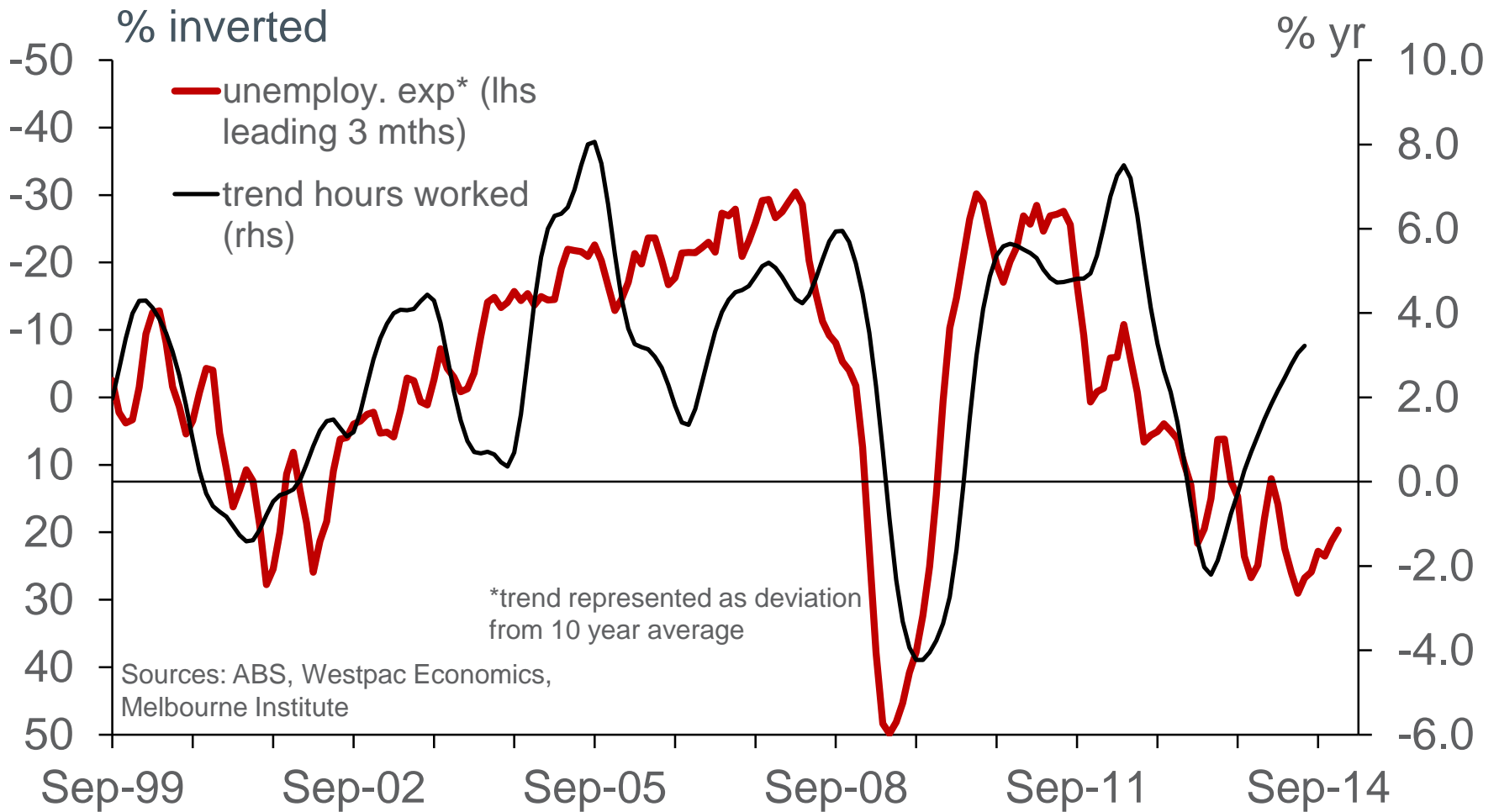
Vic expectations weak but improving



Old hours worked falling back to expectations



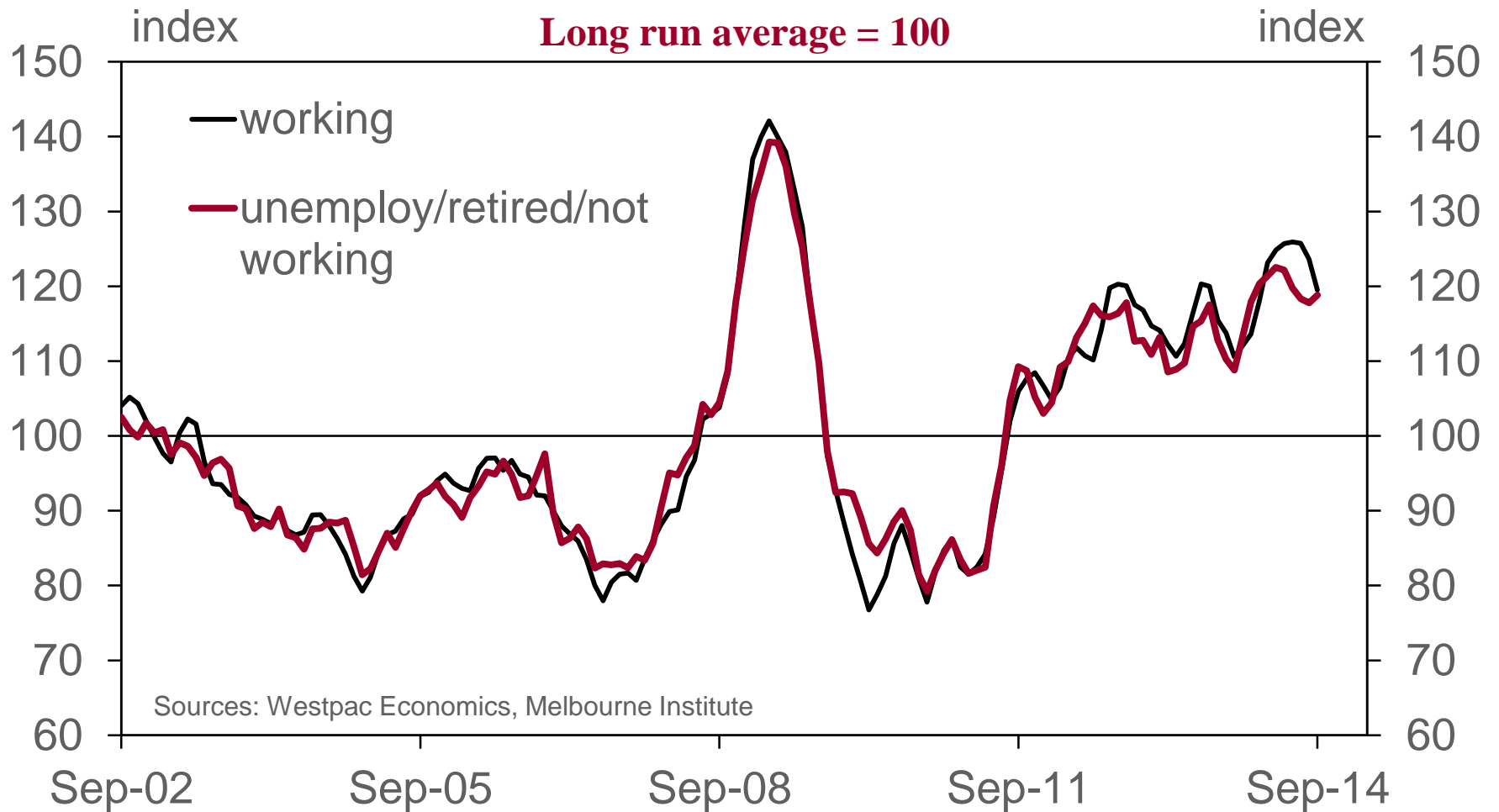
WA hours worked have surged ahead



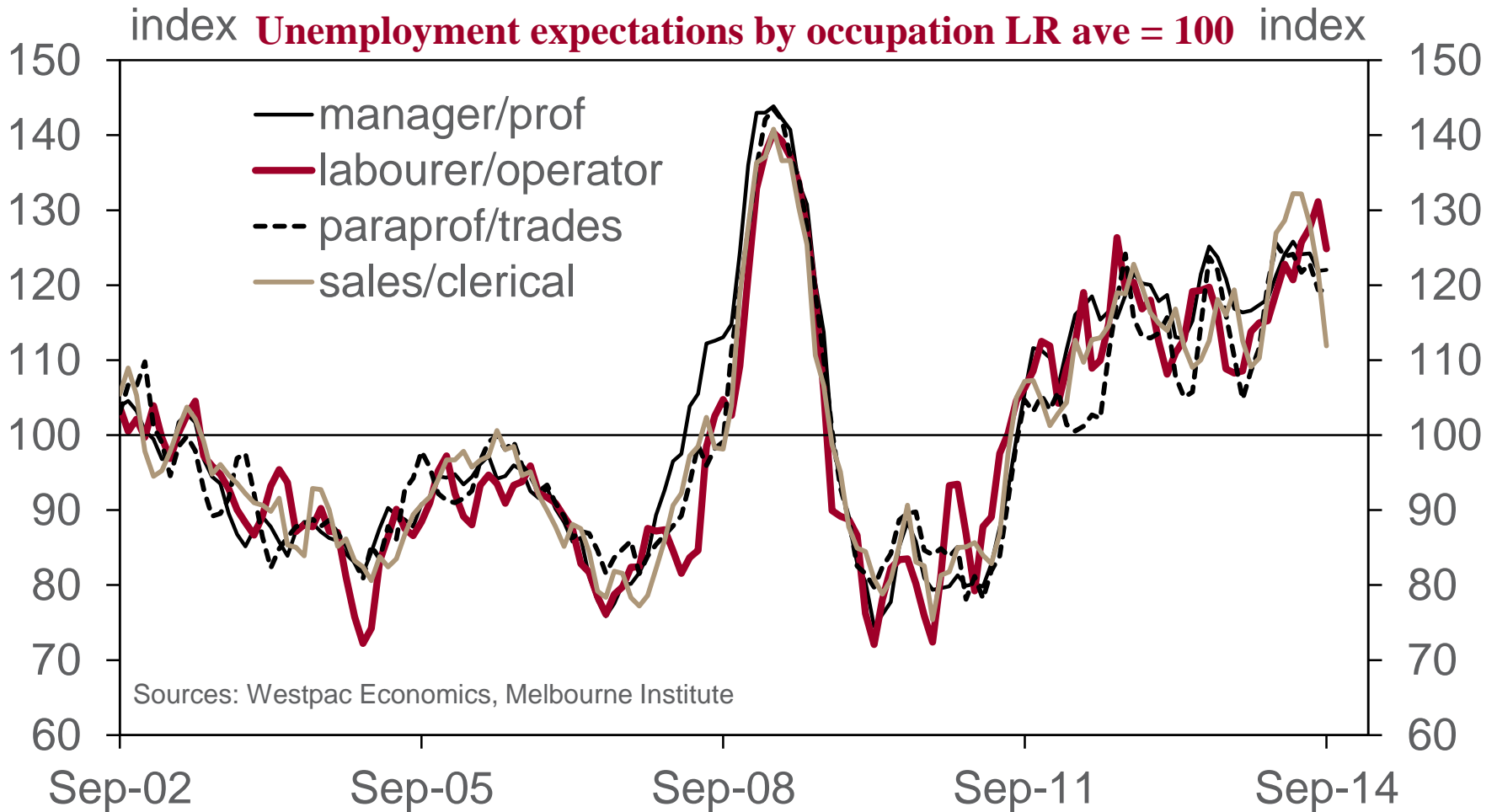
SA expectations weak but hours firming



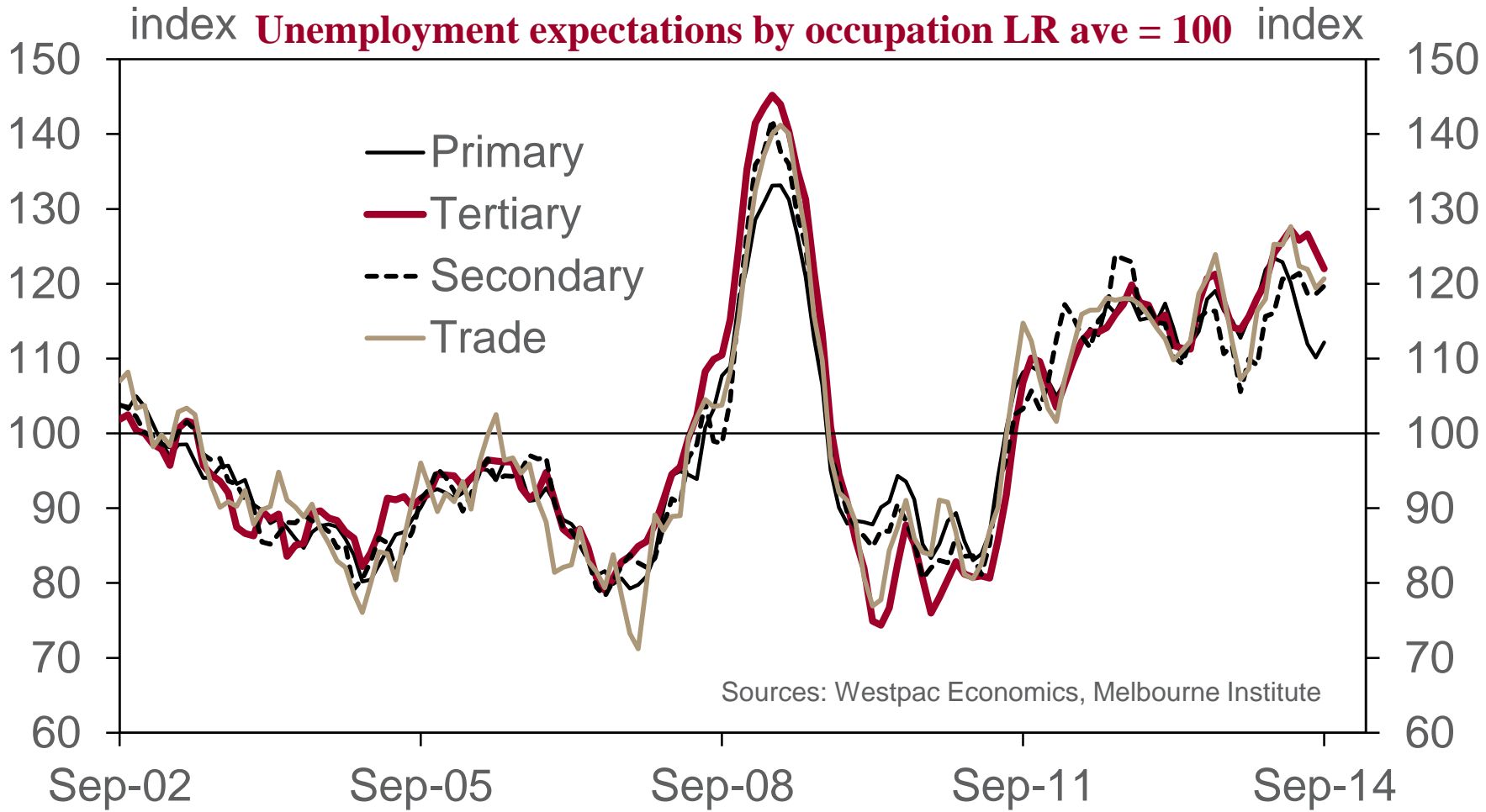
Expectations of workers is improving



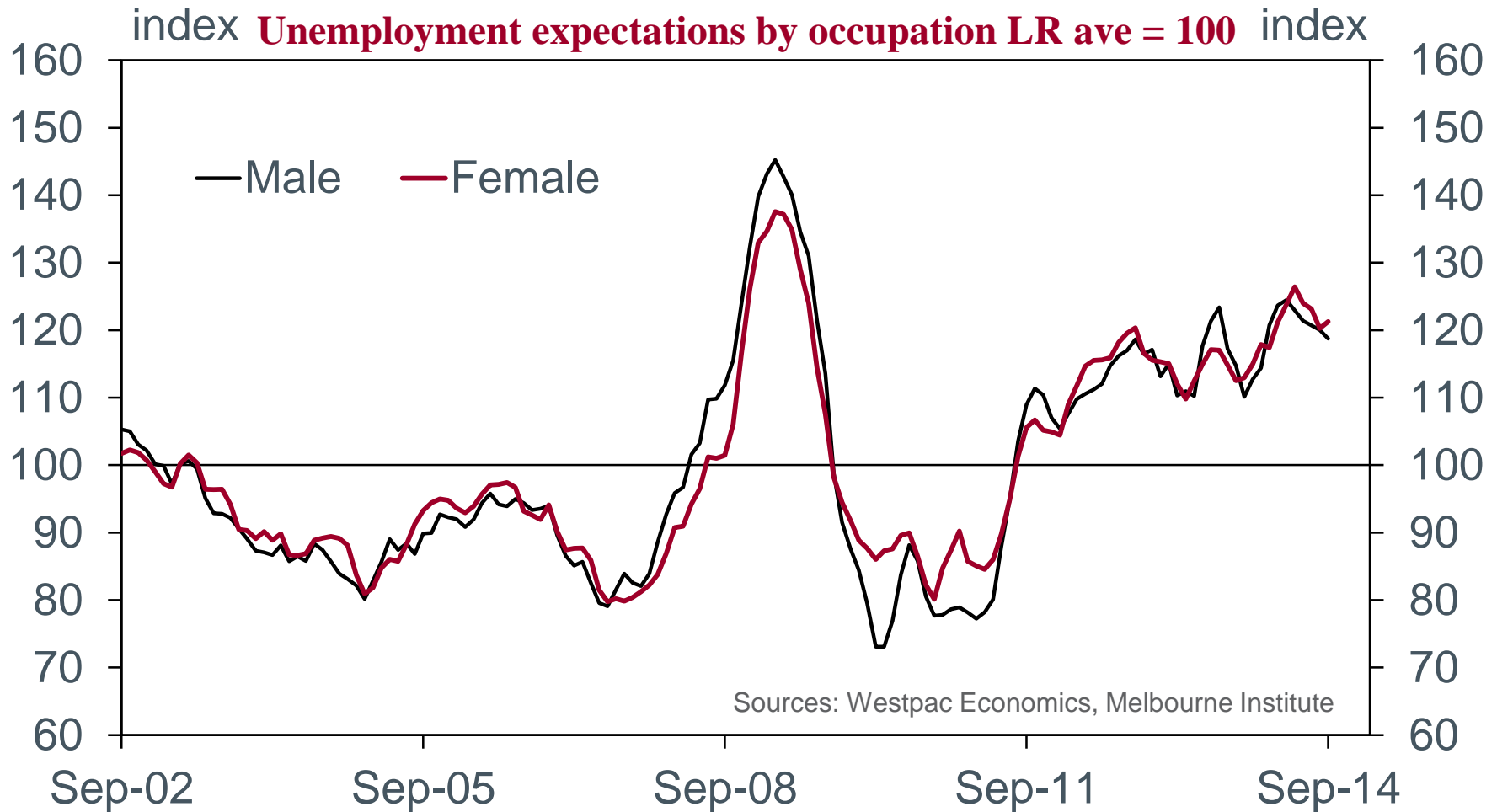
Sales/clerical behind most of the improvement



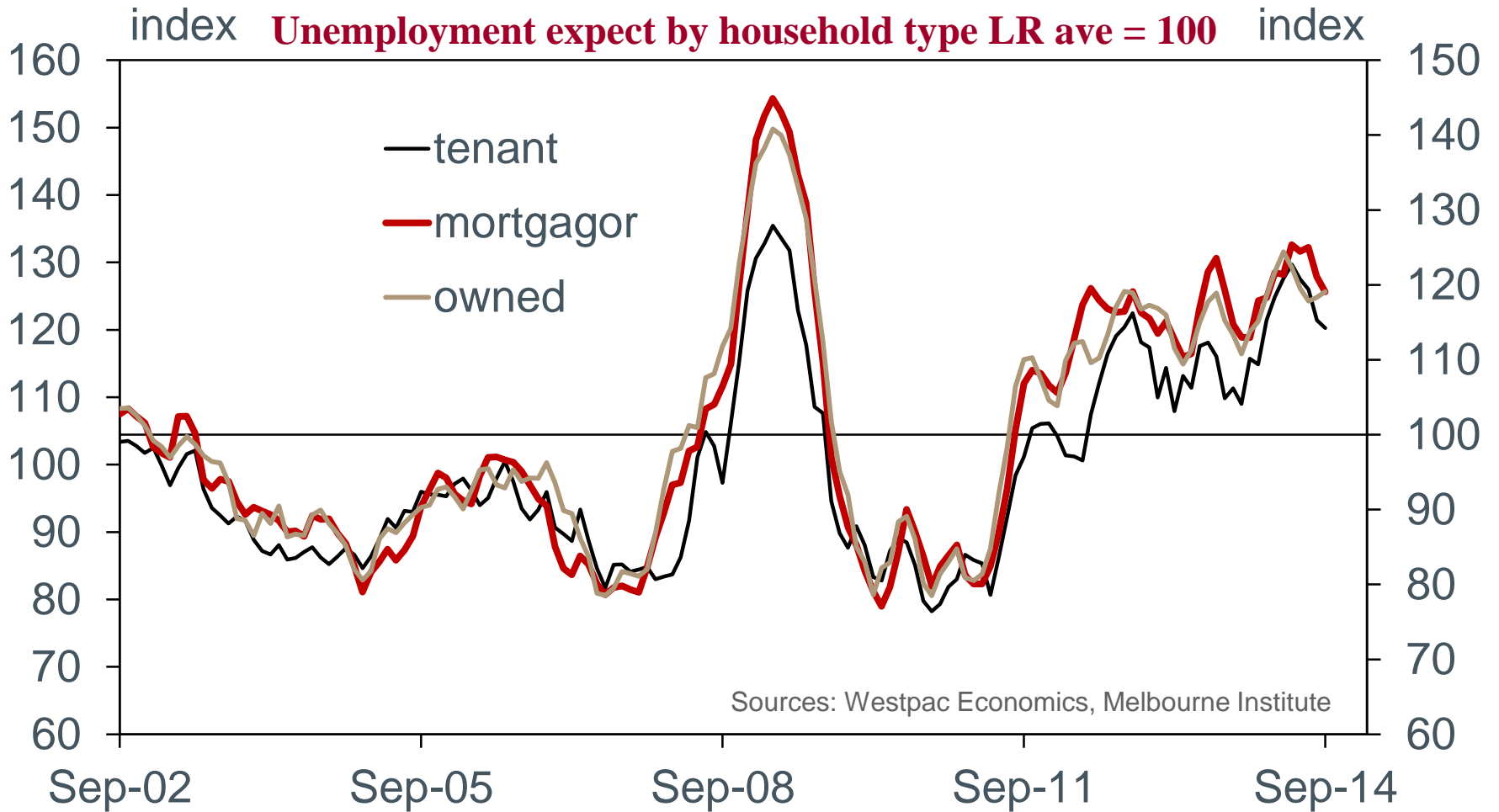
Bigger improvement amongst low-qualified



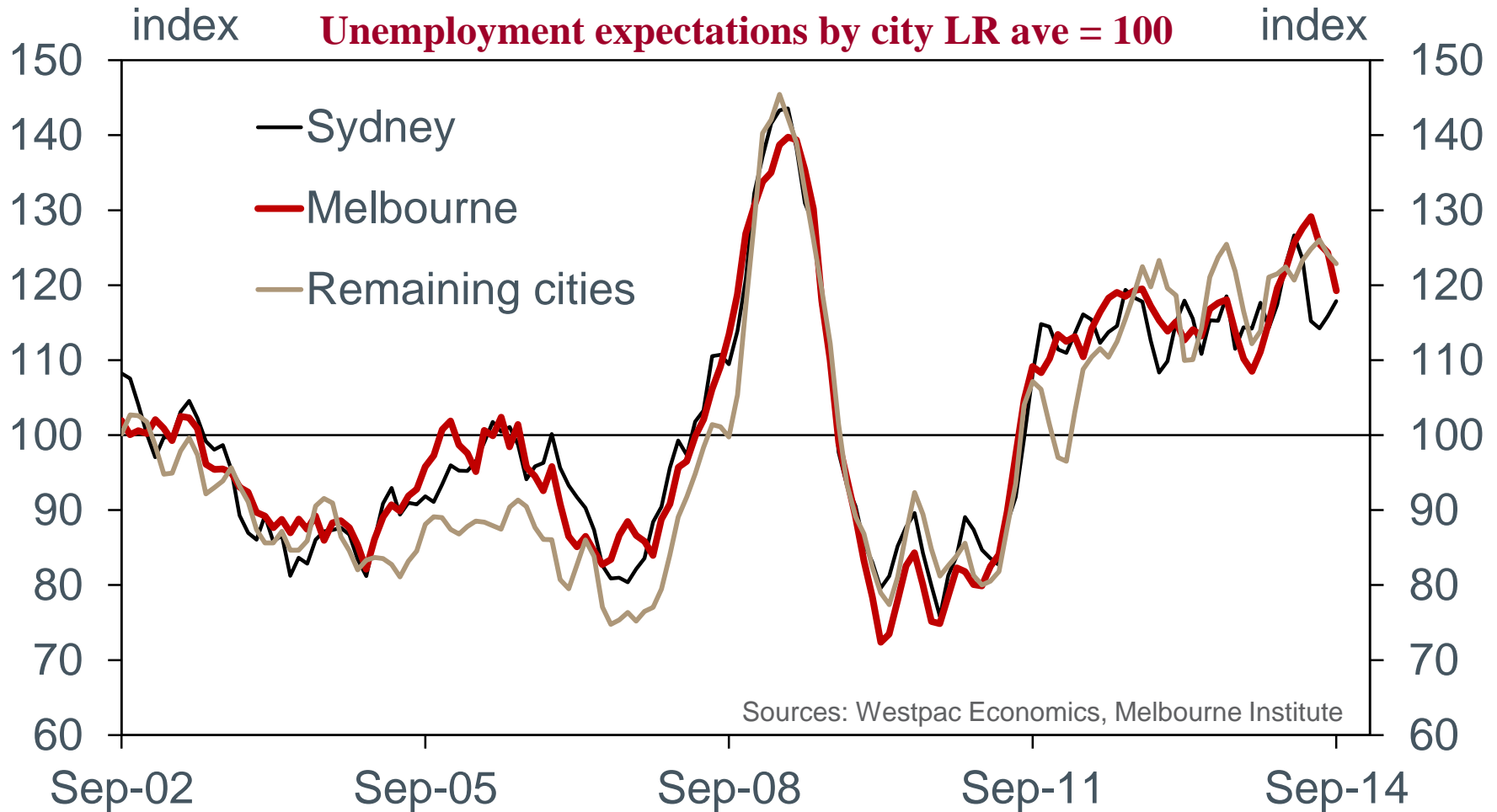
'Gender gap' on expectations has closed



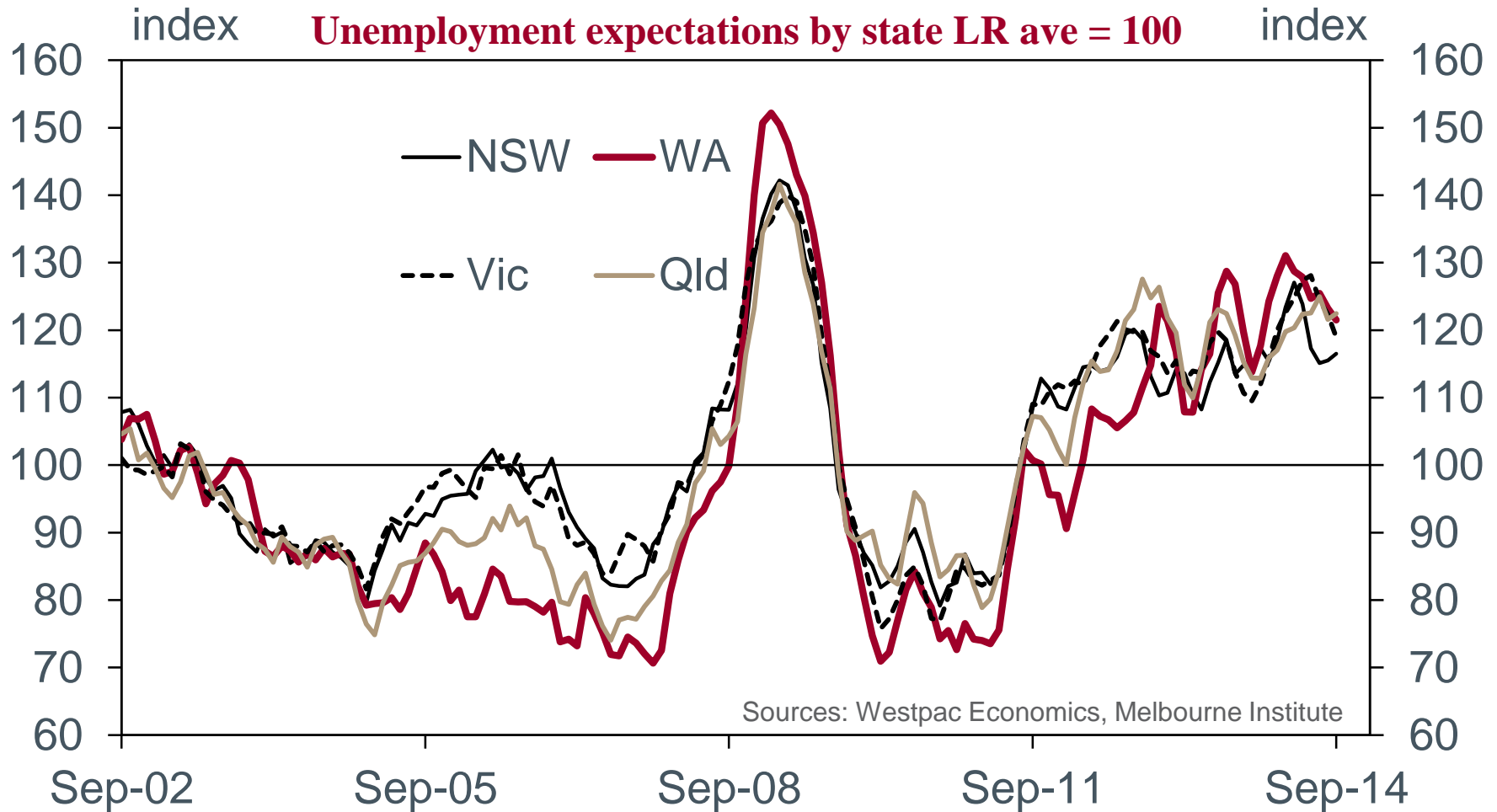
Mortgagors and owners most worried



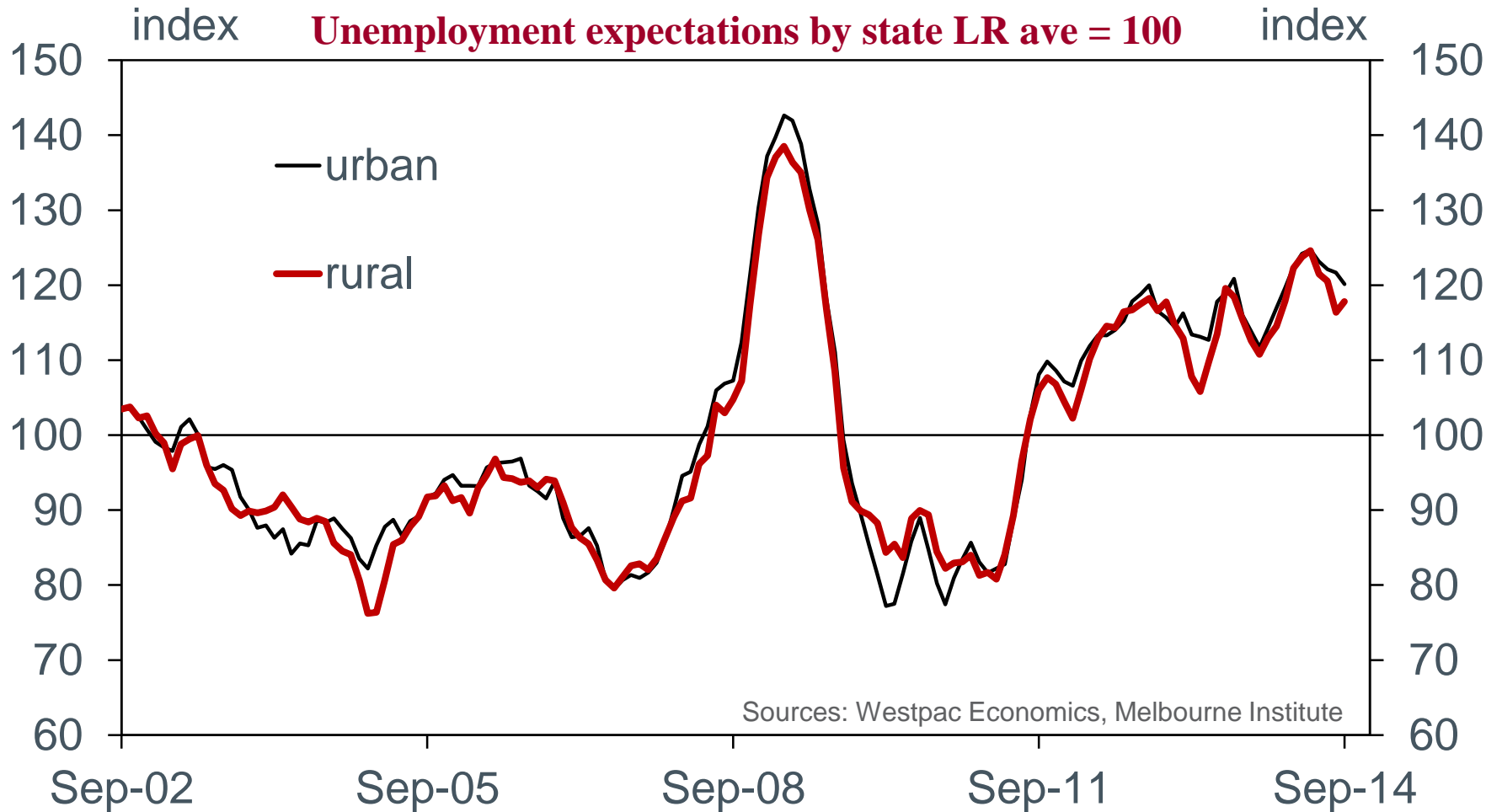
The bounce was outside Sydney & Melbourne



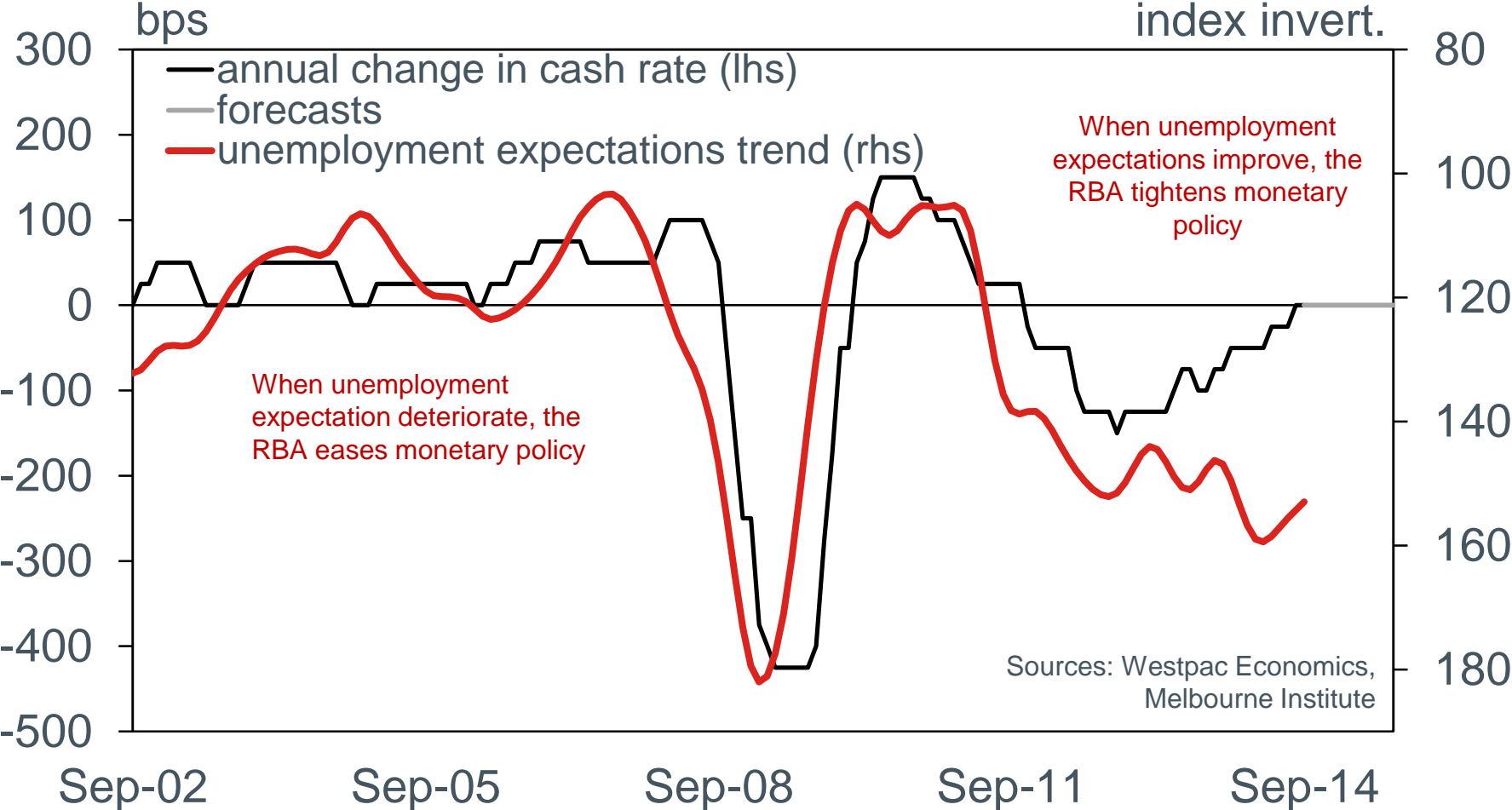
...with NSW the most optimistic state ...



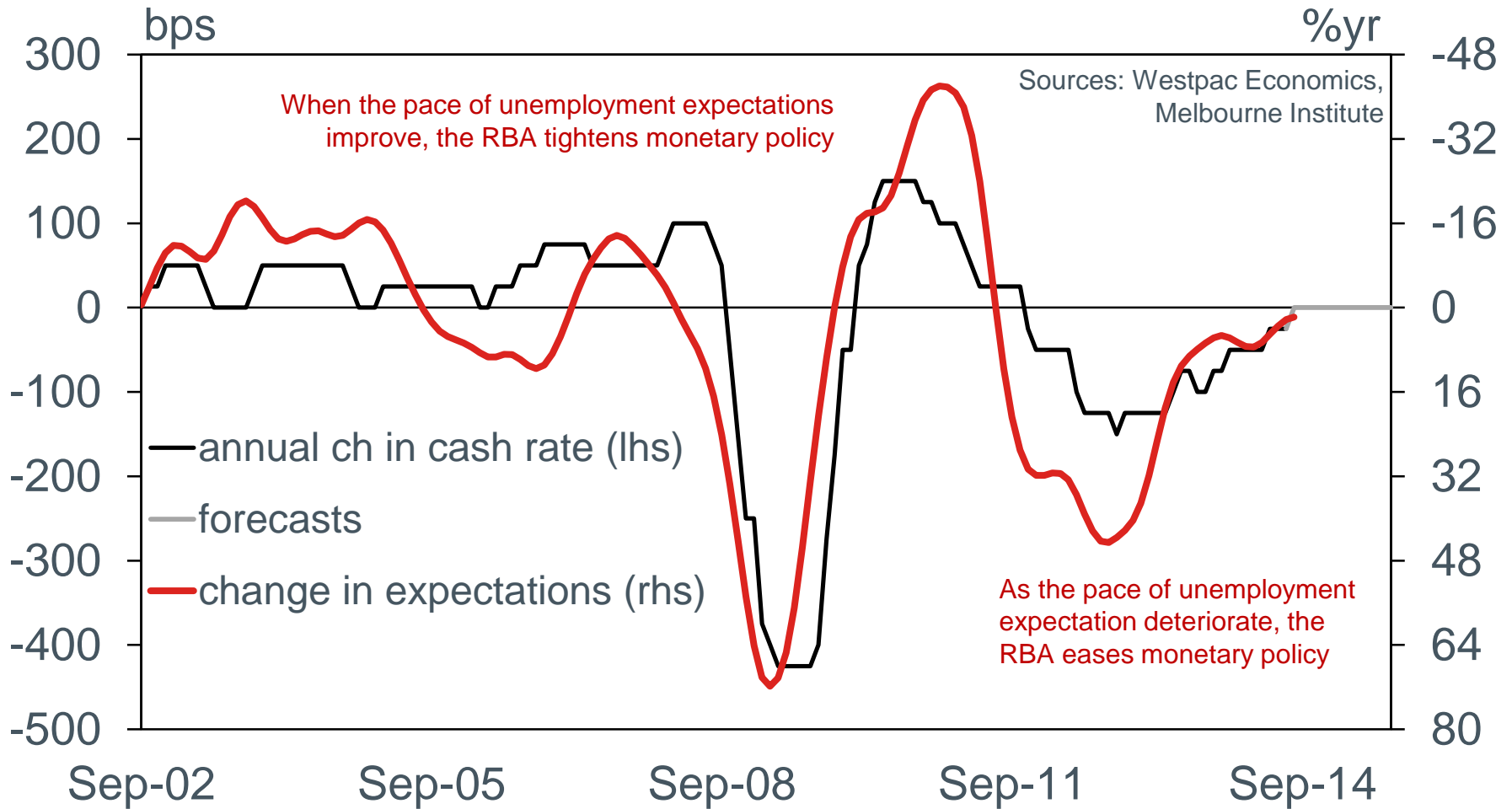
Rural areas showing bigger improvement



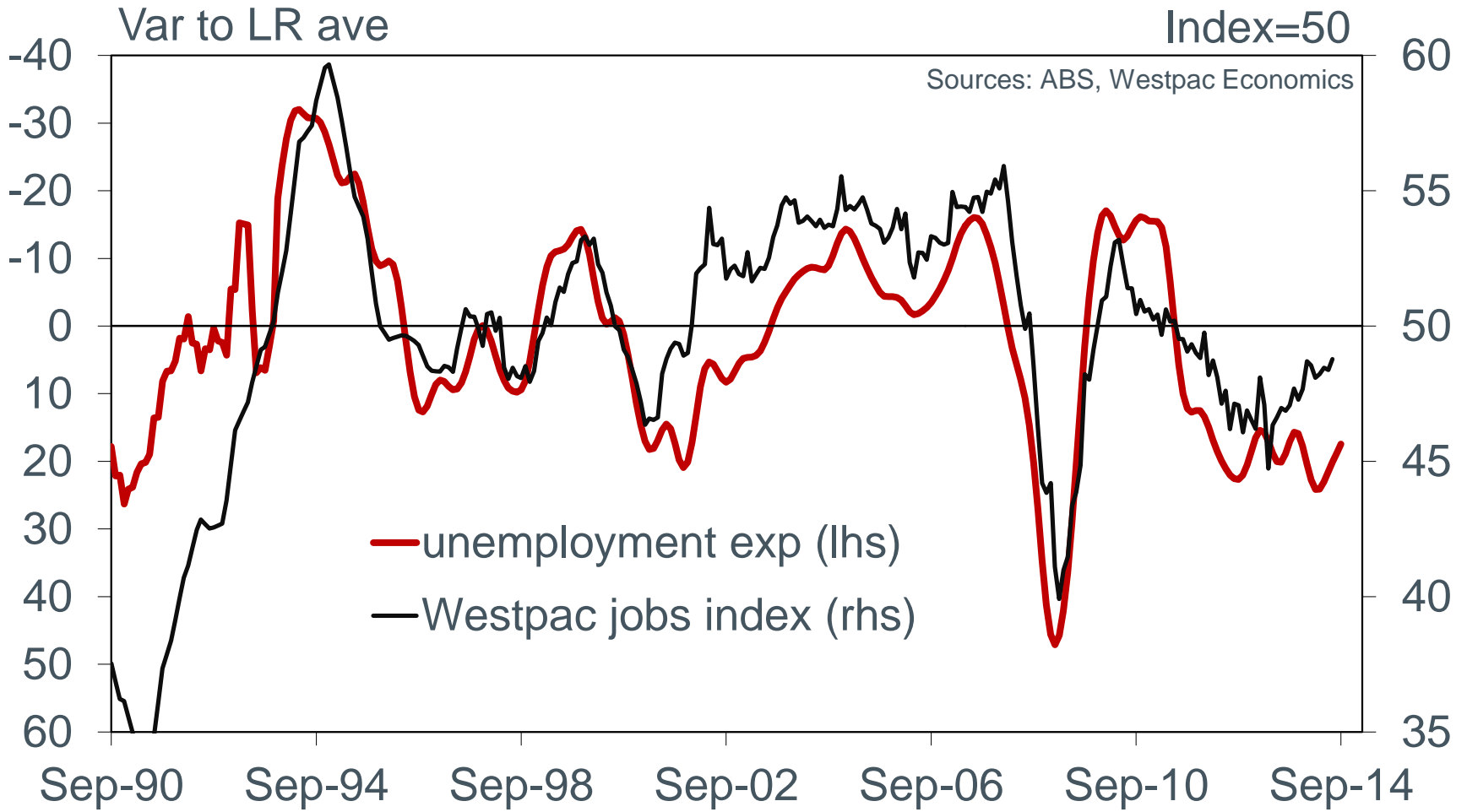
Job worries continue to point to low rates...



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



Jobs index suggests a turning point



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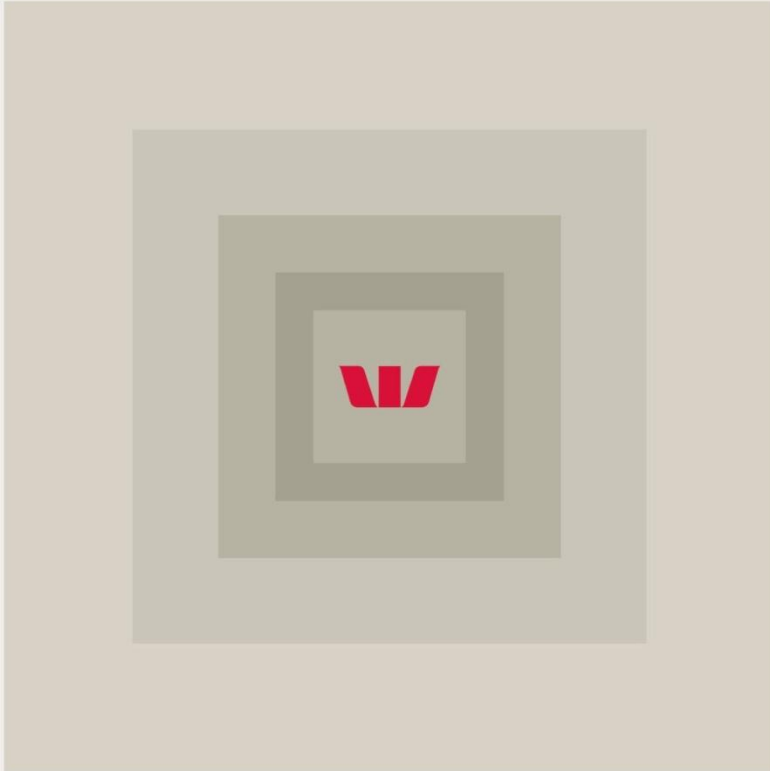
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