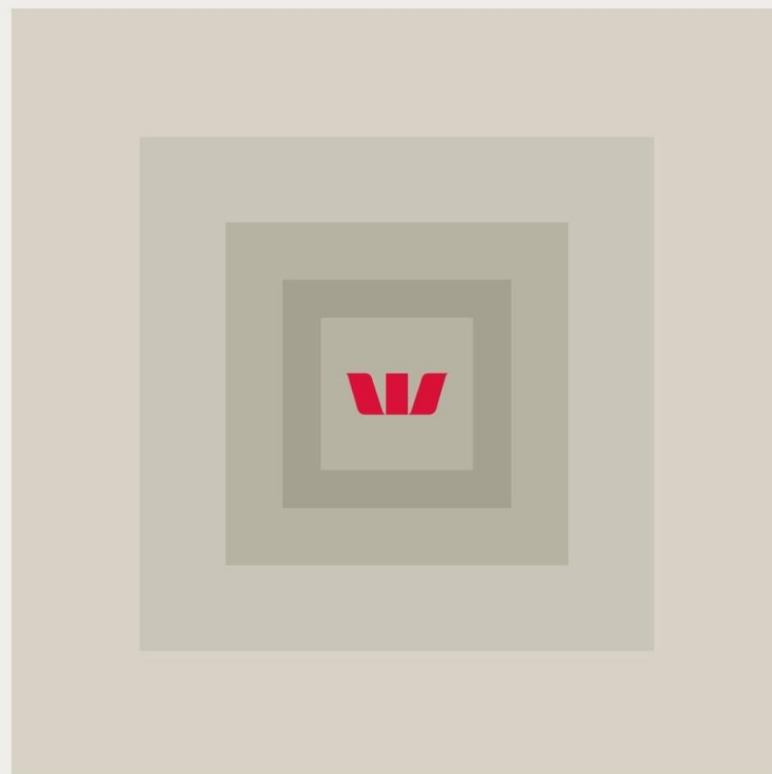


Westpac Melbourne Institute Consumer Sentiment

Unemployment expectations
chart pack.

October 2014



Westpac – Melbourne Institute

Consumer unemployment expectations

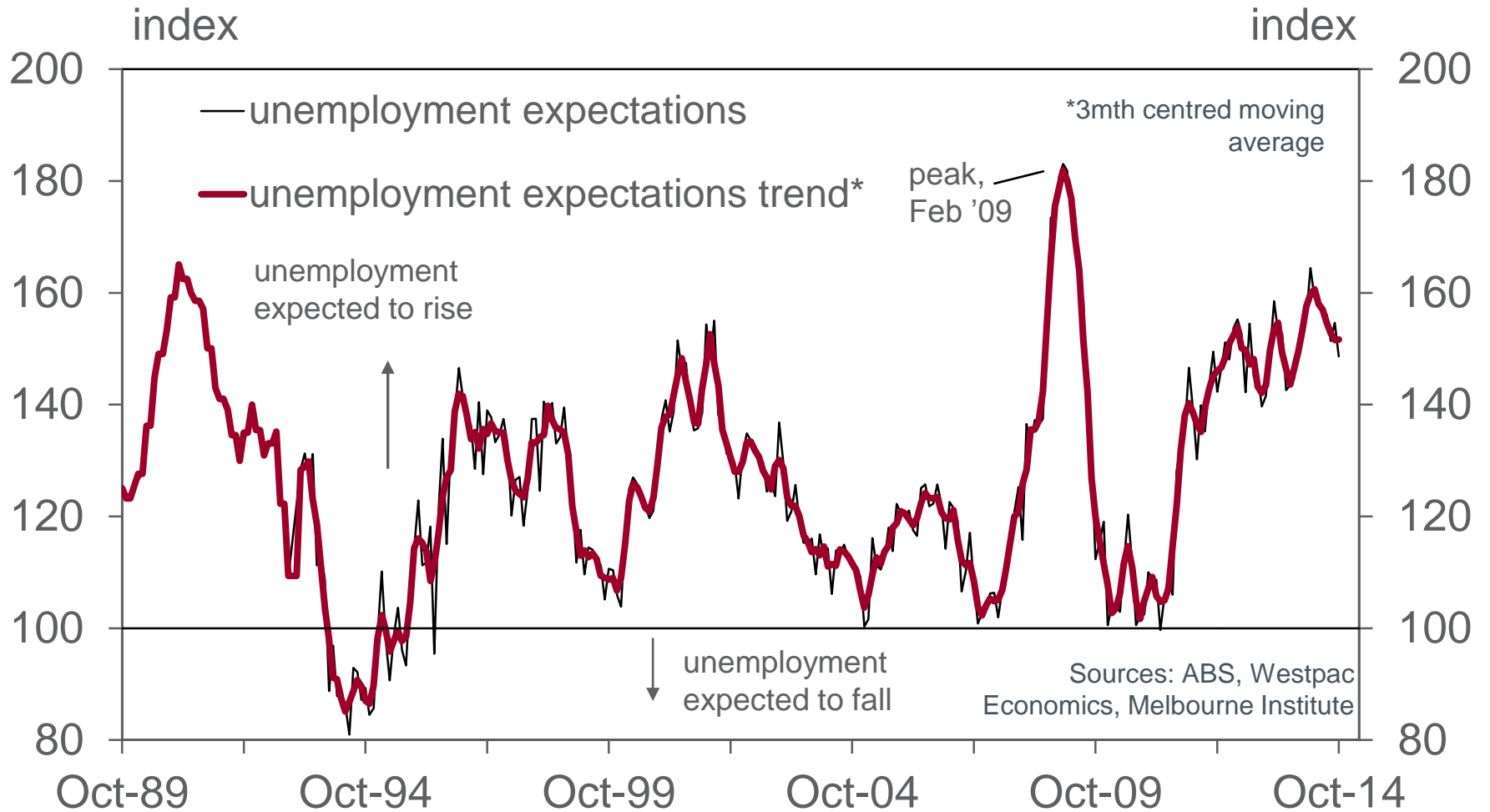
- The Westpac-Melbourne Institute Unemployment Expectations Index fell 3.9% in Oct, the largest monthly fall in just over a year. This followed on from a 2.1% rise in Sep, a –3% decline in Aug, and a –0.3% in Jul. Recall that a lower reading from the index indicates reduced concern around the labour market.
- The index is now 9.6% below its Mar peak. With the trend being a three month centre average, the trend had a small bump of +0.1% in Oct following on from a –0.7% in Sept and a –1.3% in Aug.
- The through the year pace is now 3.5%/yr to Oct, a moderation from 8.5%/yr in Sep. While the signs are there of a promising improving trend, remember the apparent trend peaks in 2012 and 2013 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 and so we are watching this new trend with interest.

Westpac-Melbourne Institute

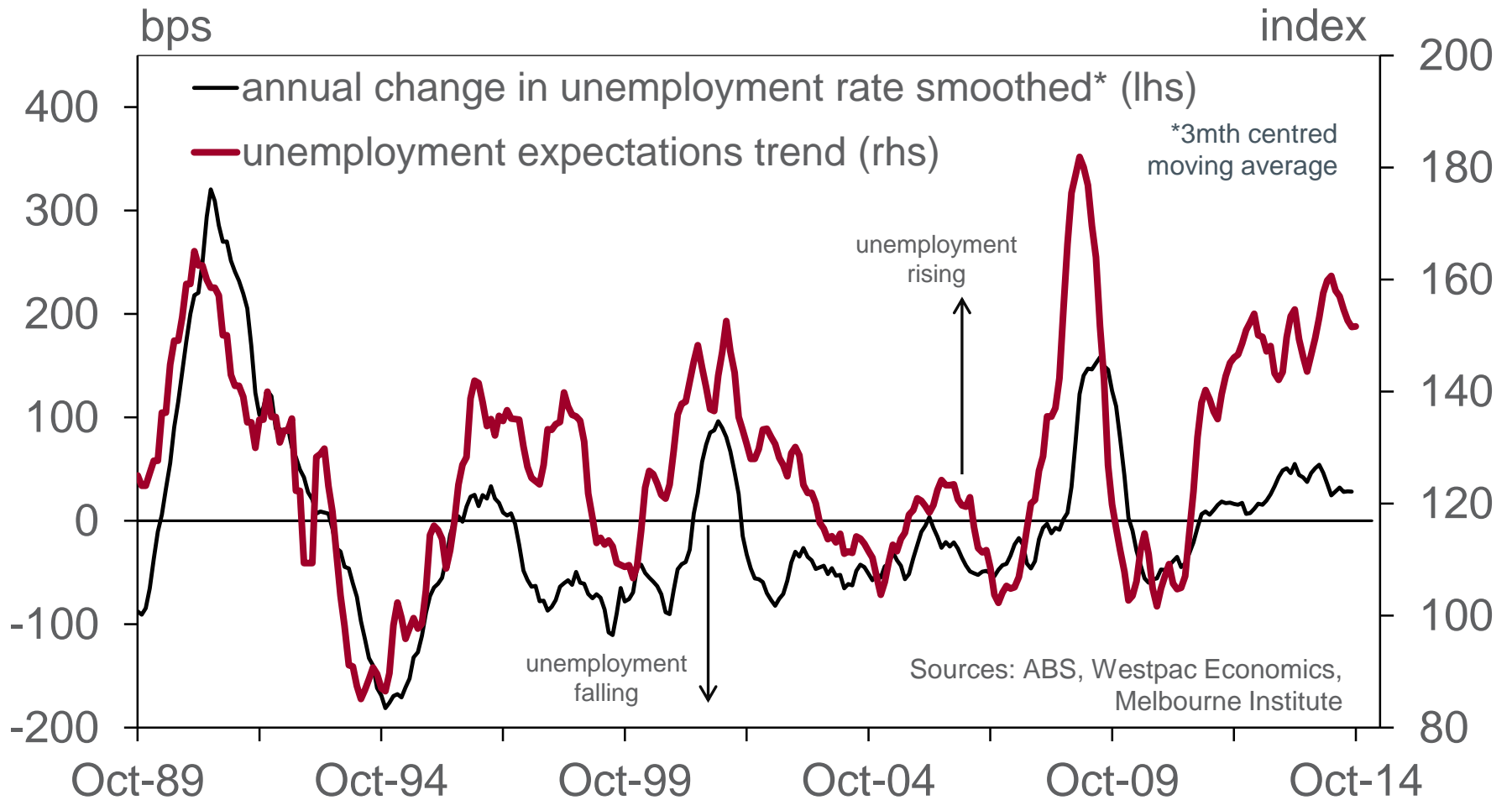
Consumer unemployment expectations (cont)

- This month we note that the change in the employment to population ratio continues to disappoint just as unemployment expectations suggested it would (chart 6). We had also been surprised by the relative strength in full-time employment but the recent correction has brought this more in line with what unemployment expectations were suggesting it should be (chart 7).
- By state, Victorian expectations did jump 6.1% in the month but they fell -4.4% in NSW. The largest fall was in Qld (-9.7%) but WA was not far behind.
- Expectations have been significantly weaker relative to hours worked in Qld so we are not surprised by the recent correction in hours worked in that state. Hours worked continue to outpace expectations in WA.
- Westpac's Jobs Index continues to improve and in the past, the Jobs Index has lead turning points in unemployment expectations.

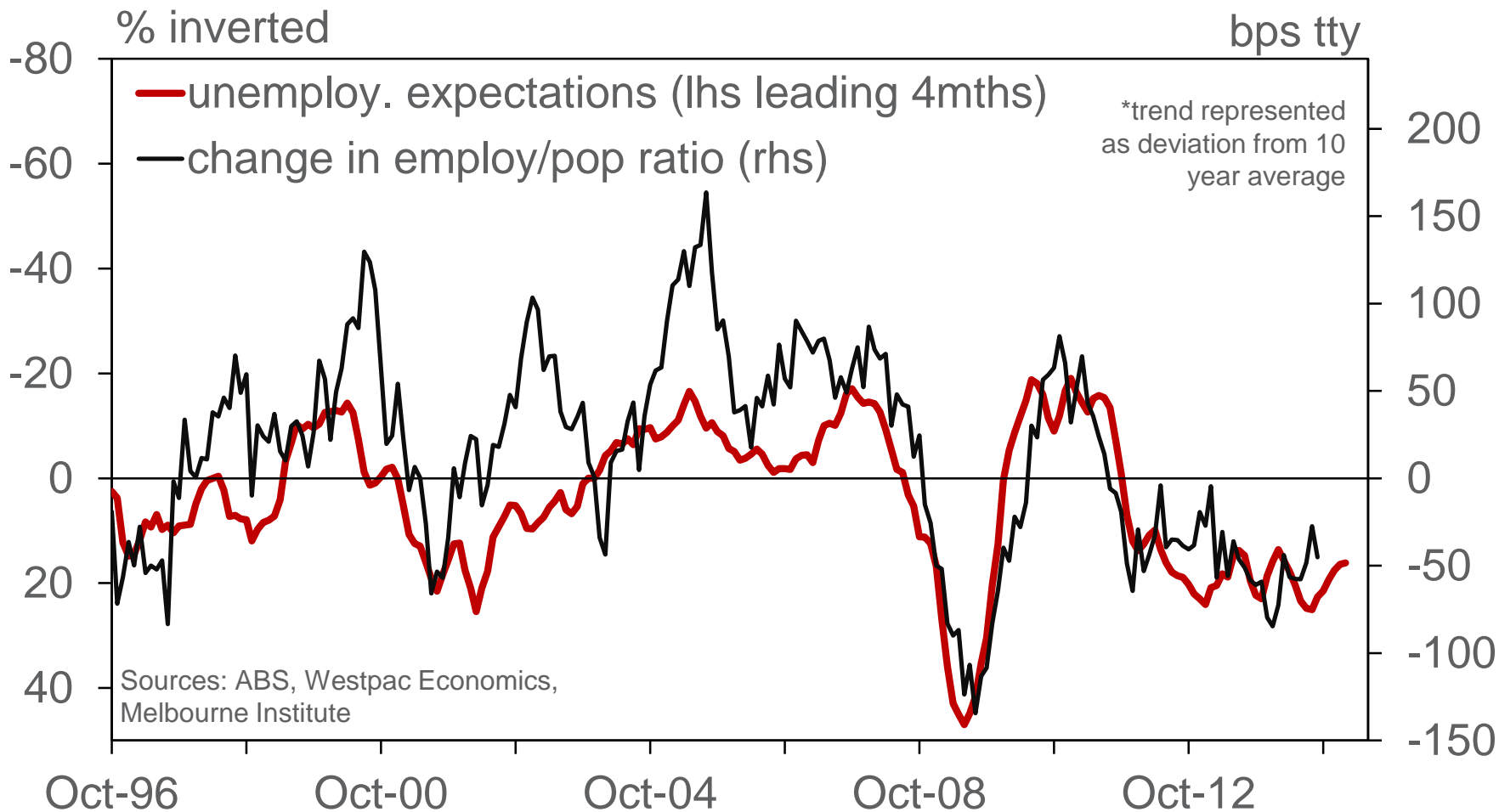
A further decline in expectations



...but level remains very high.

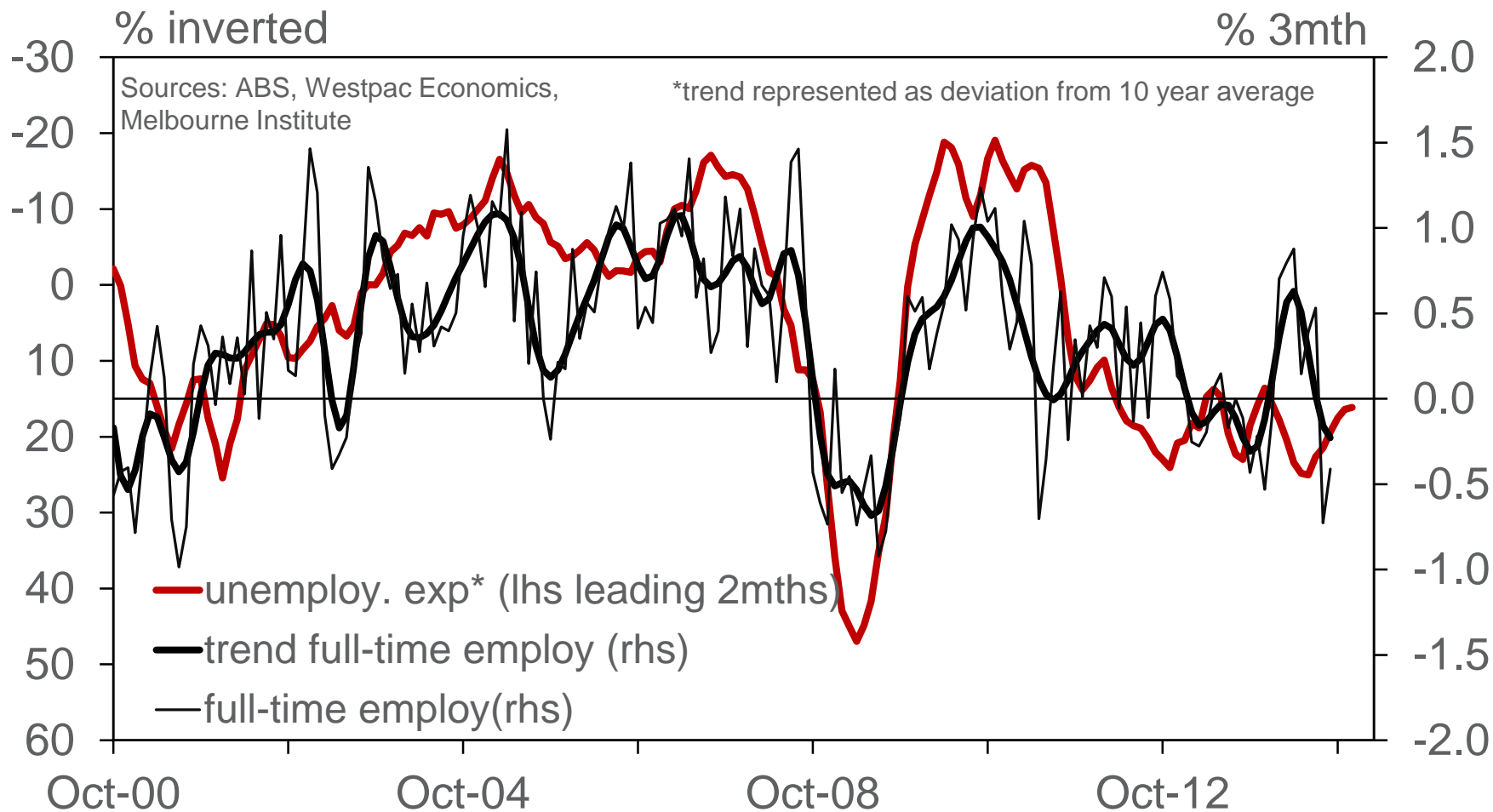


Employment lagging population growth...

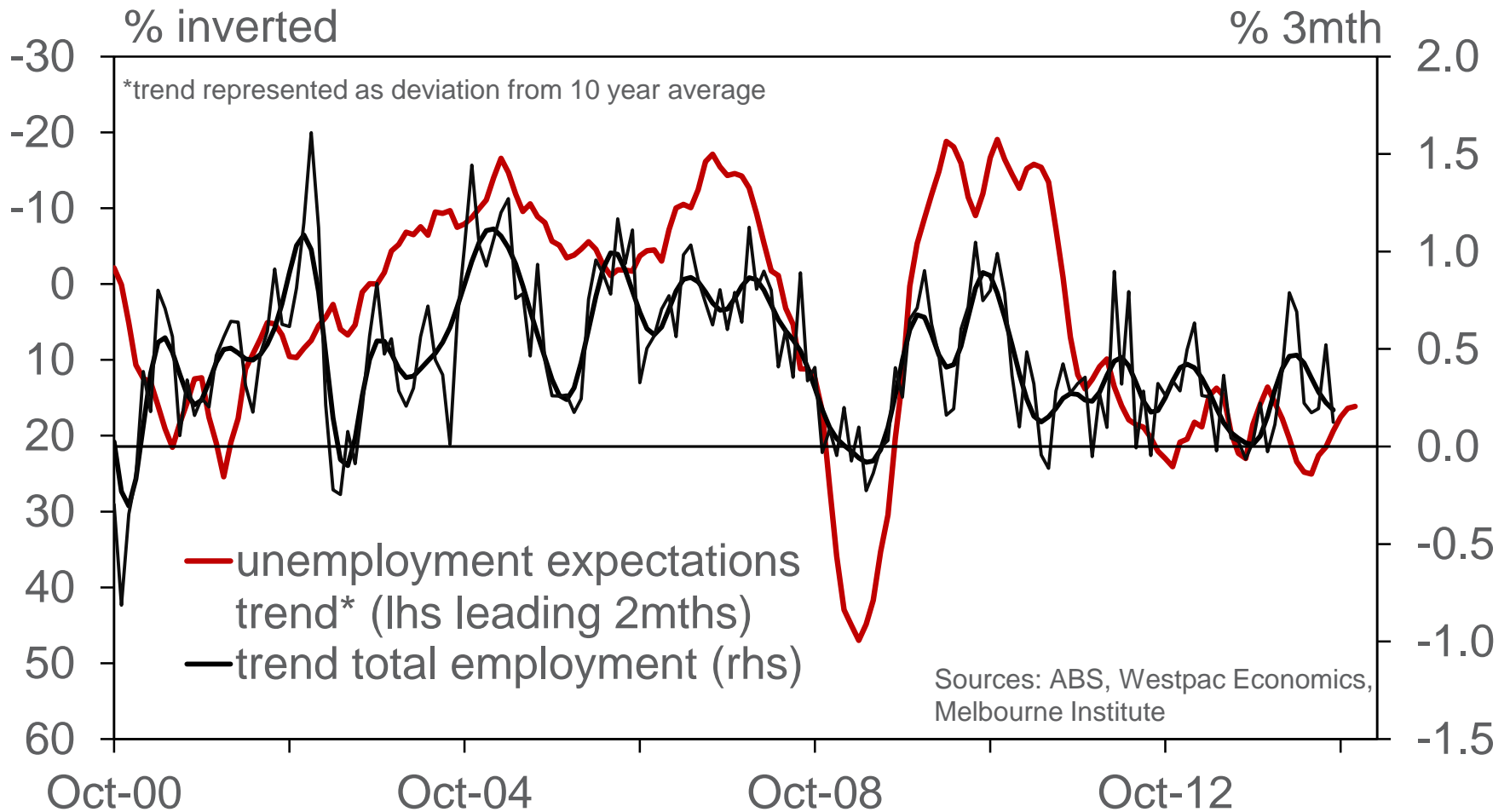


Sources: ABS, Westpac Economics, Melbourne Institute

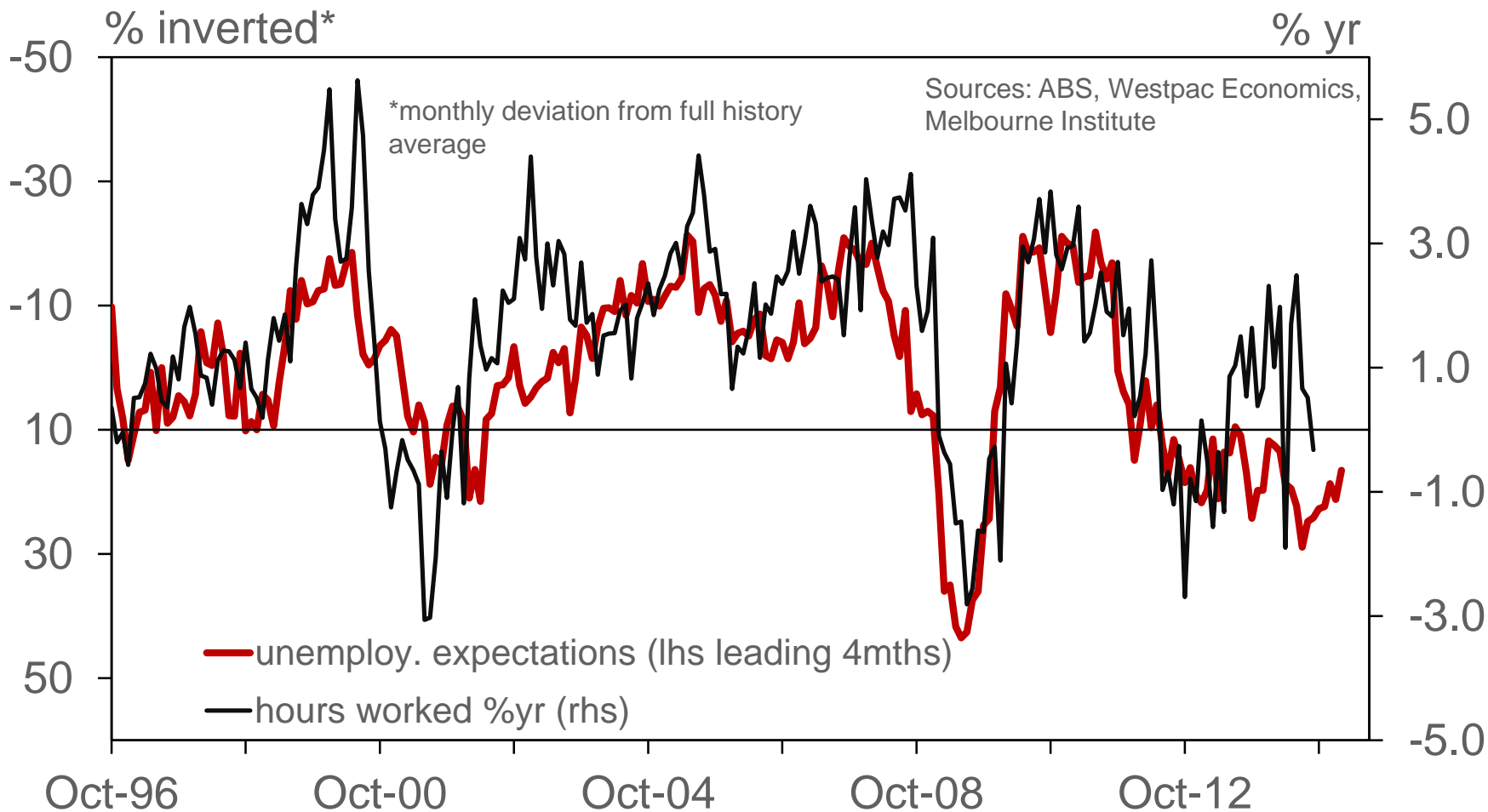
...as full-time employment has eased back...



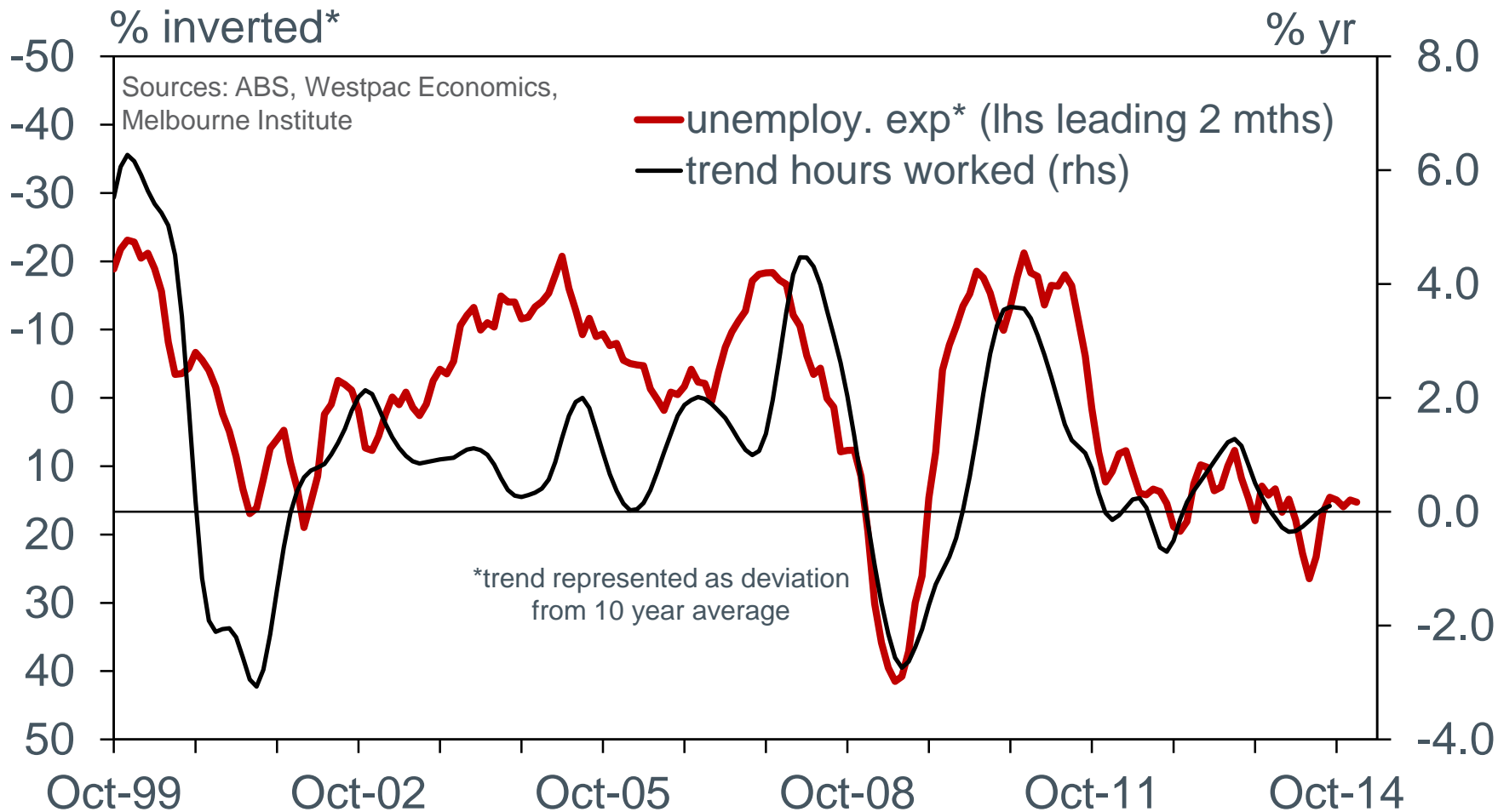
...& expectations continue to improve.



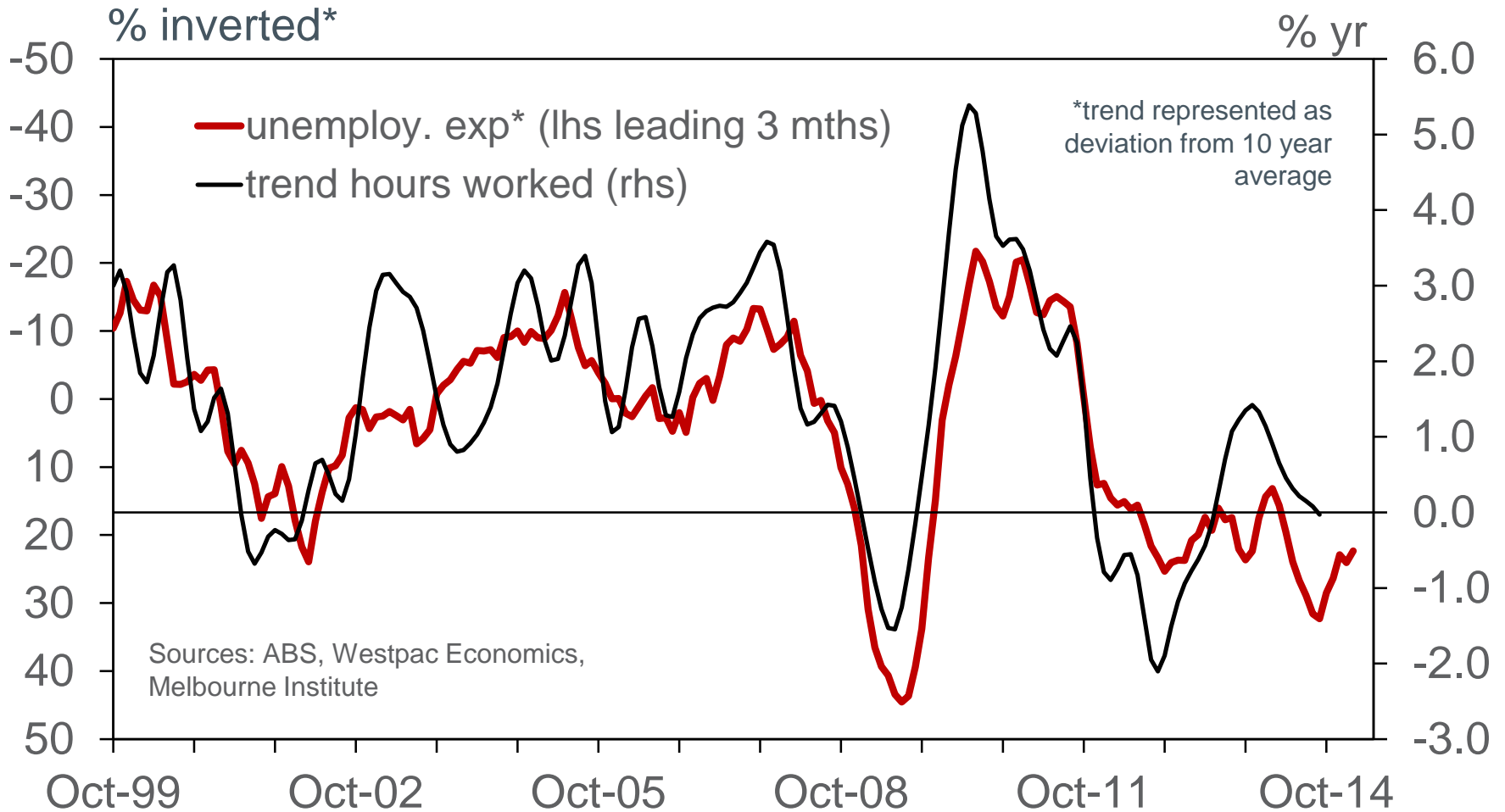
Hours worked running ahead of expectations



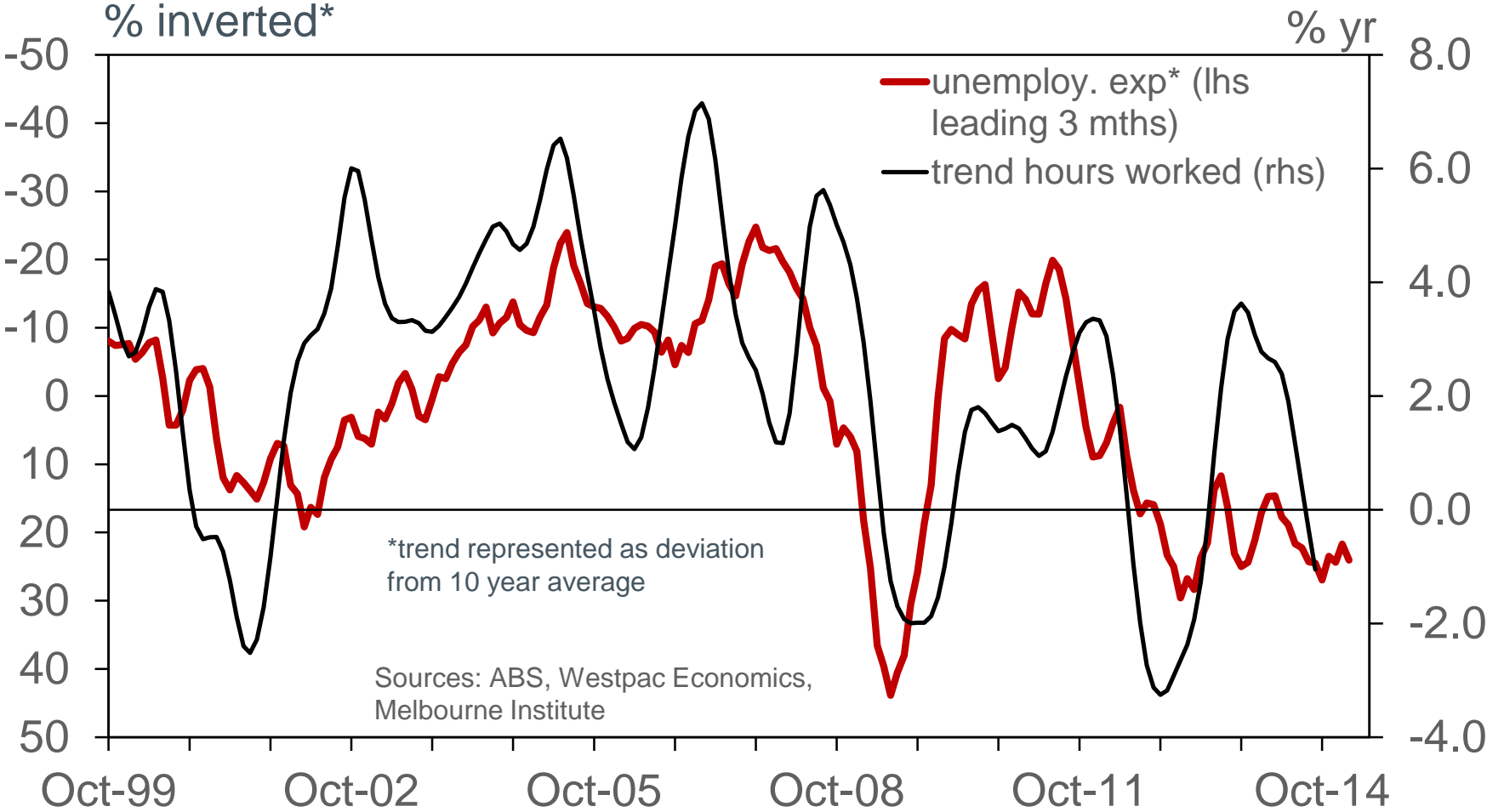
NSW hours worked & expectations steady



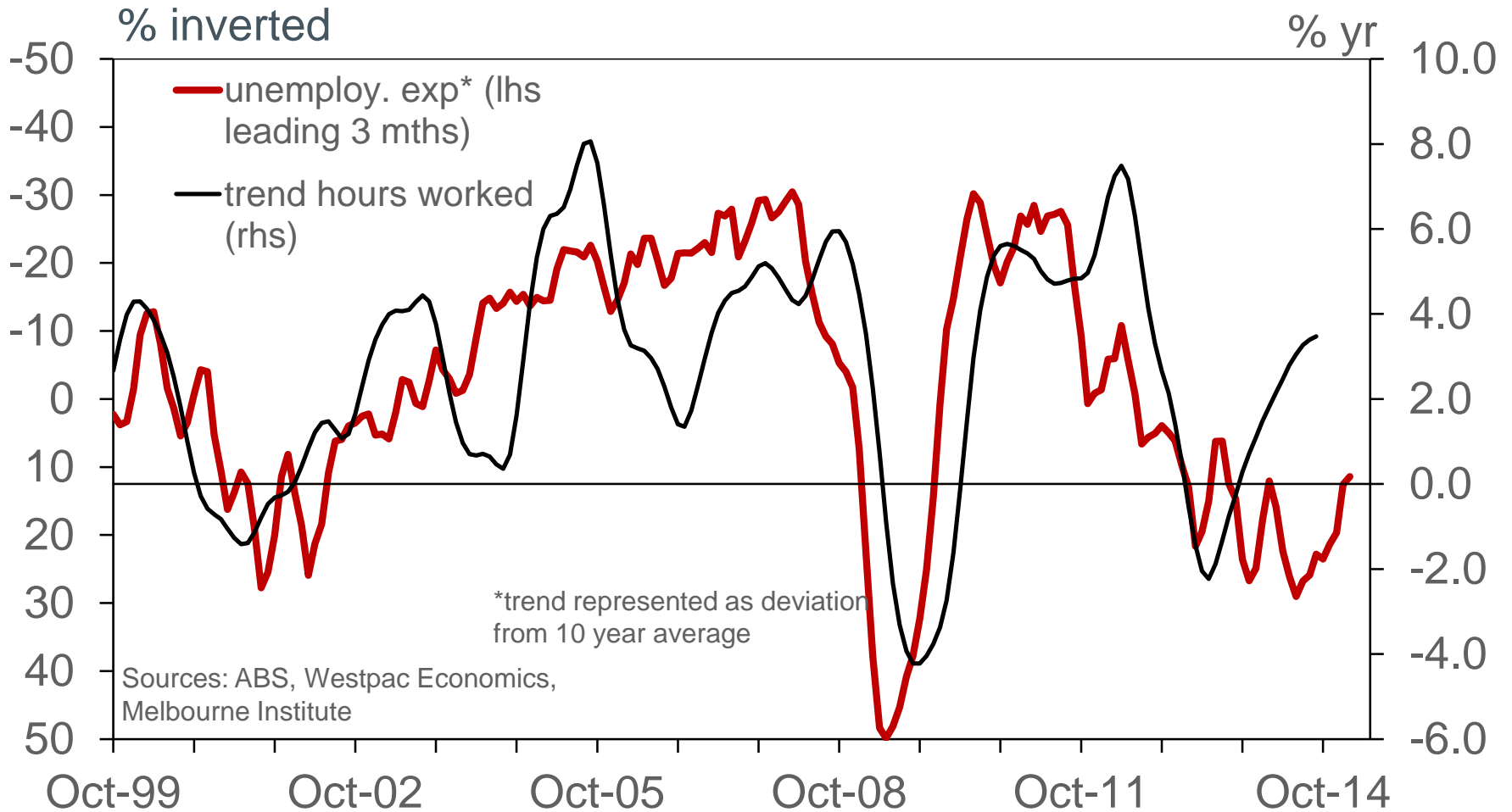
Vic expectations weak pointing to weaker hours



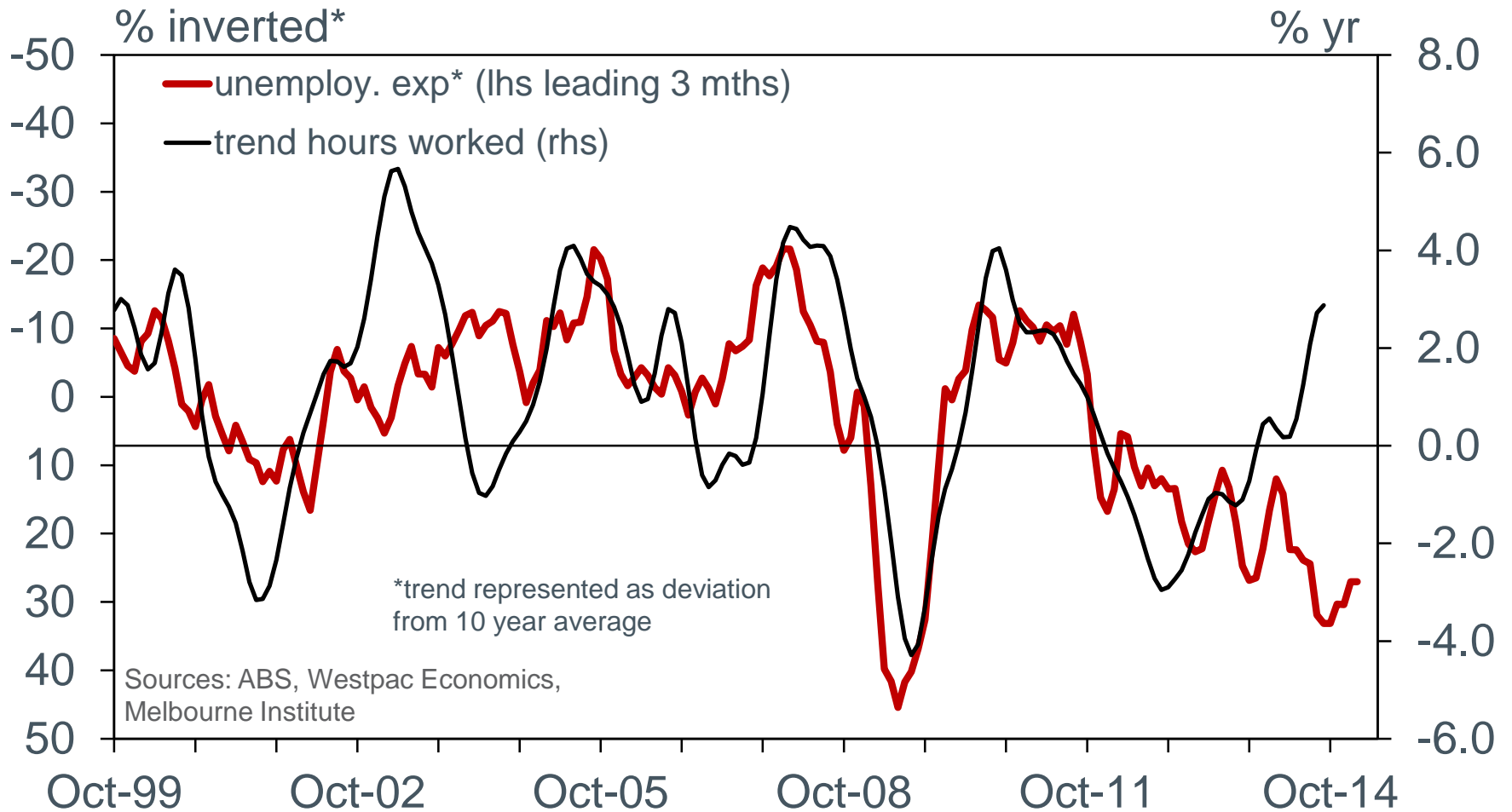
Qld hours worked falling back to expectations



WA hours worked have surged ahead



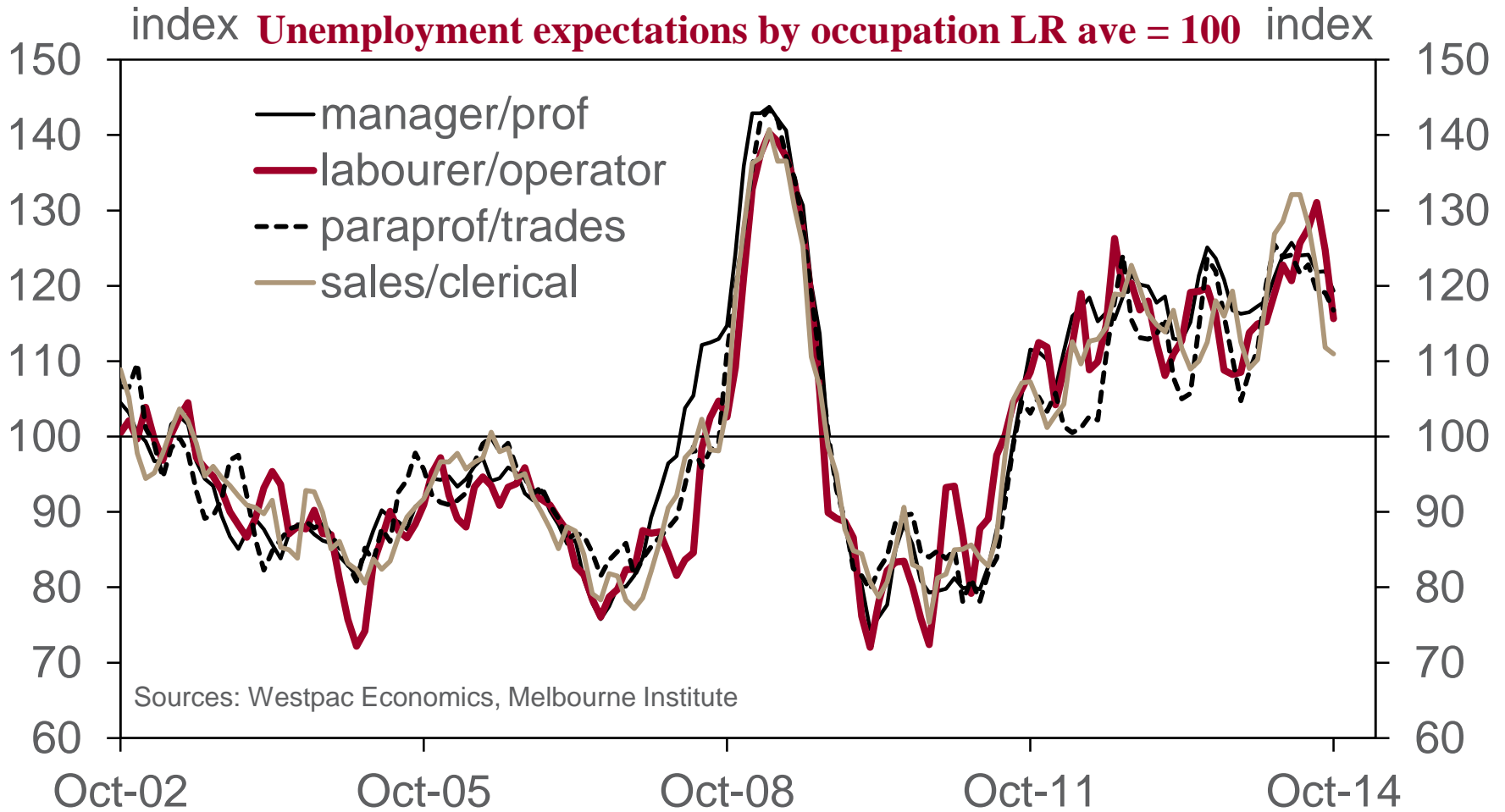
SA expectations weak but hours firming



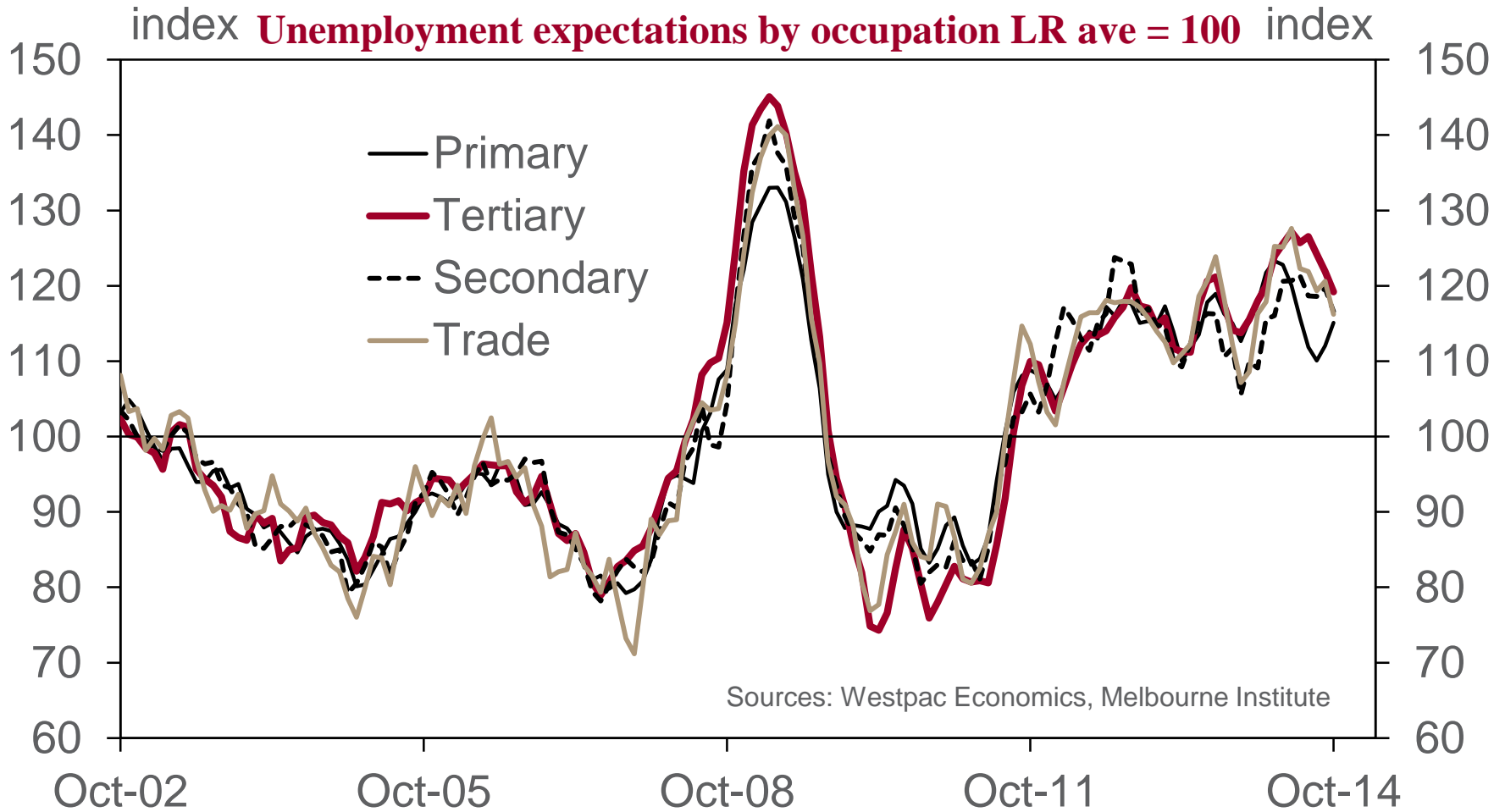
Expectations of workers continue to improve



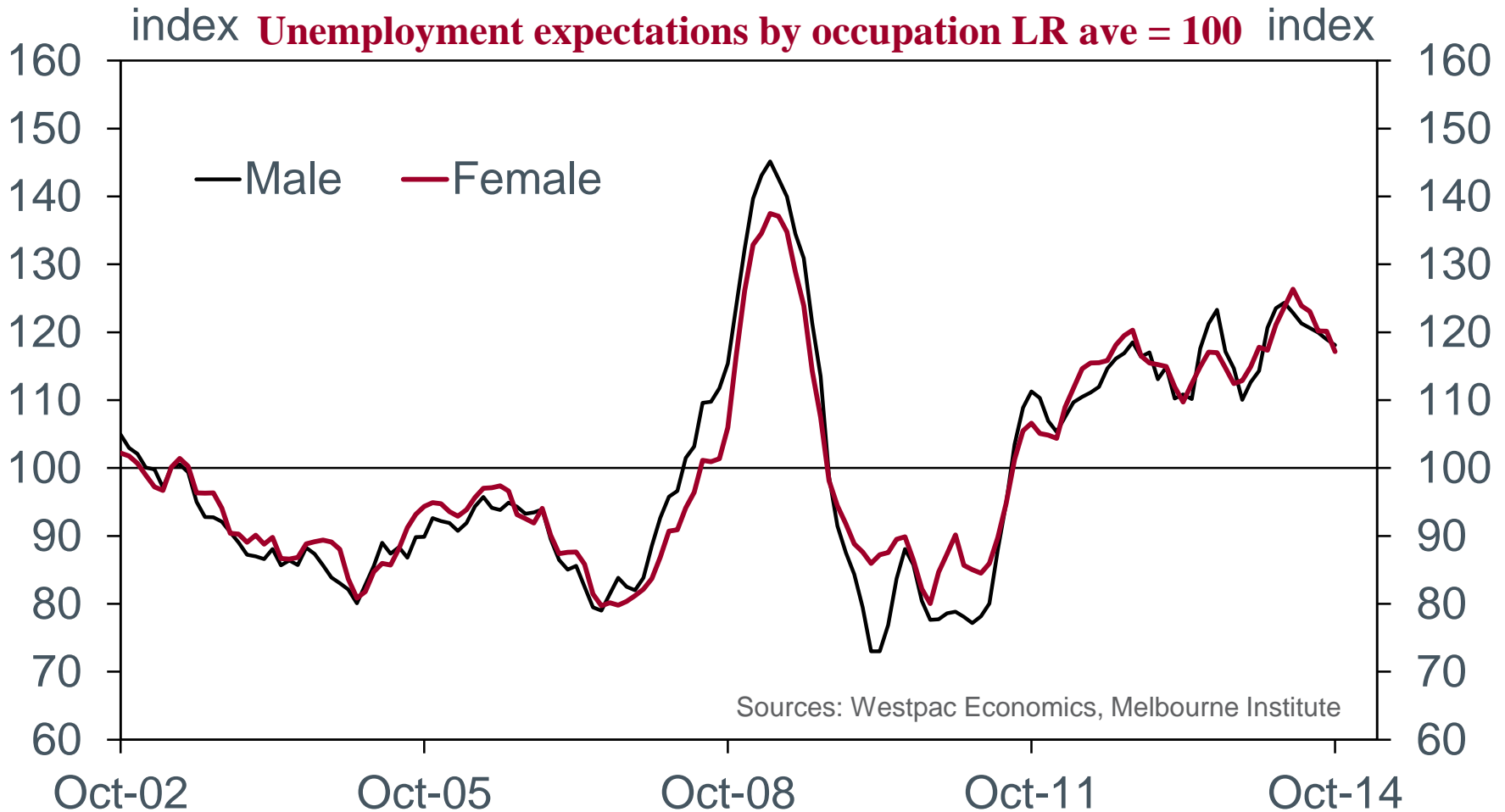
Sales/clerical most improved, rest not far behind



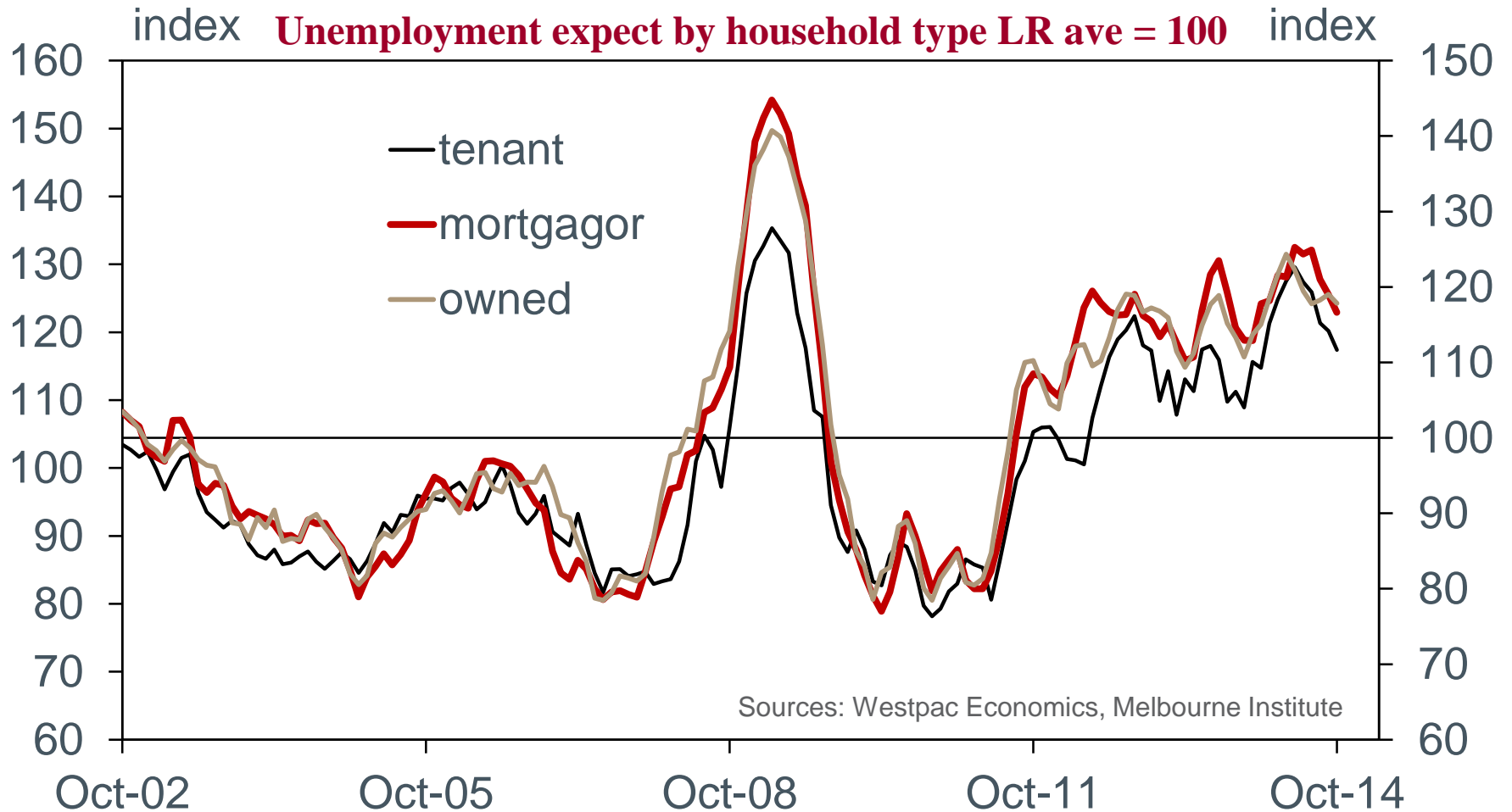
Tertiary & trade now improving



'Gender gap' on expectations has closed



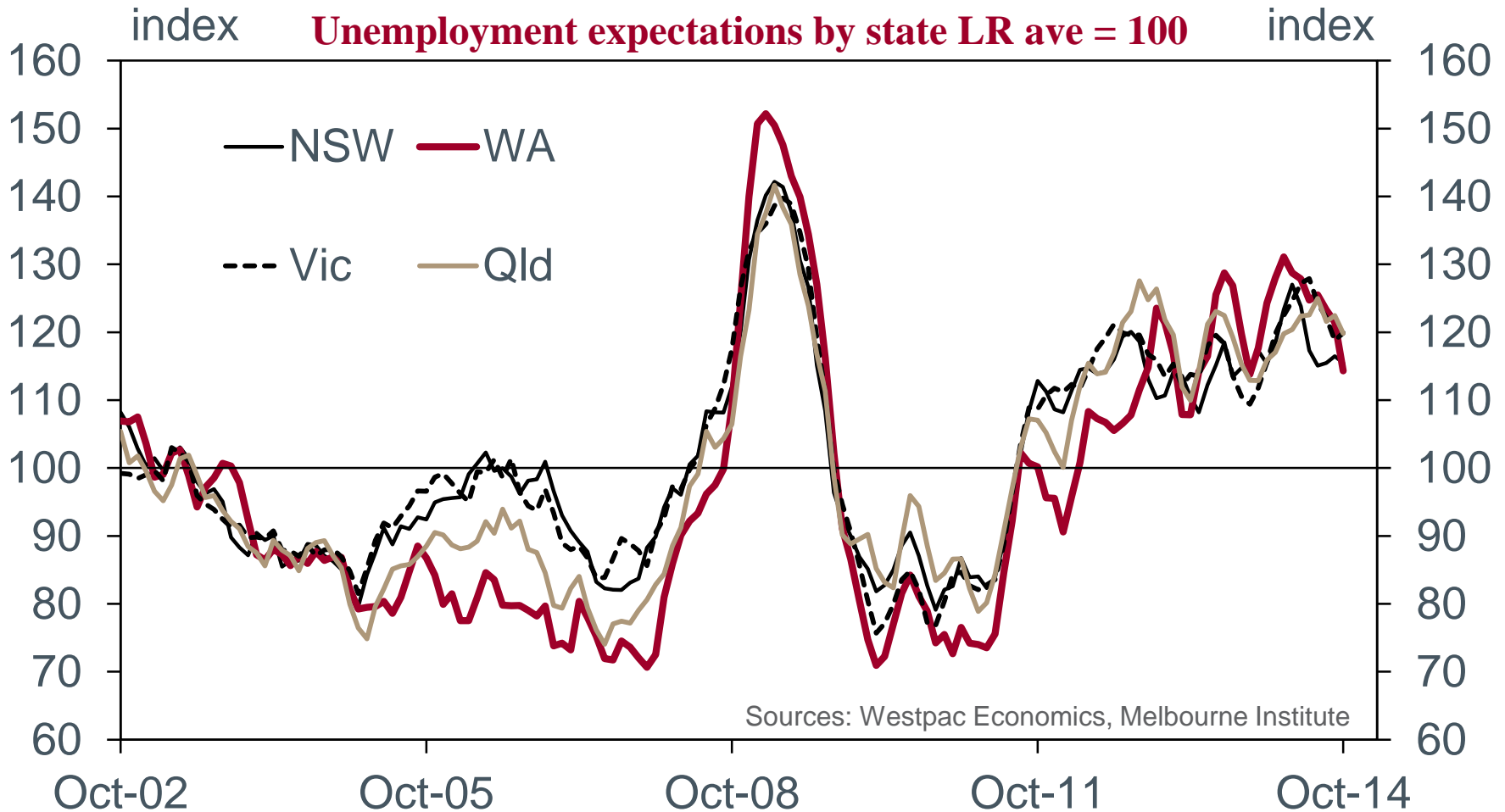
Tenants are the most relaxed about jobs



Sydneysiders are slightly more optimistic



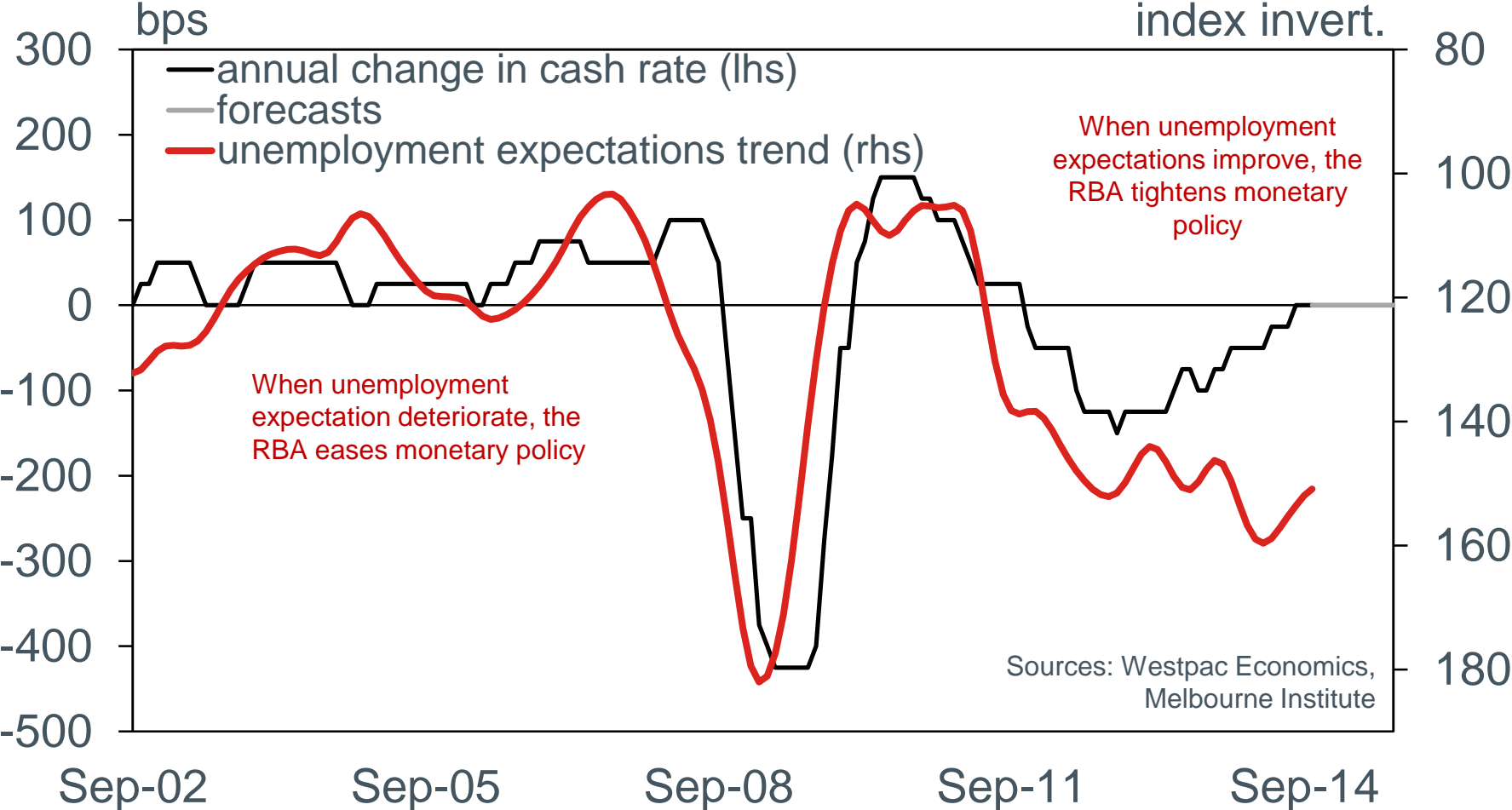
...but WA is now just as optimistic as NSW.



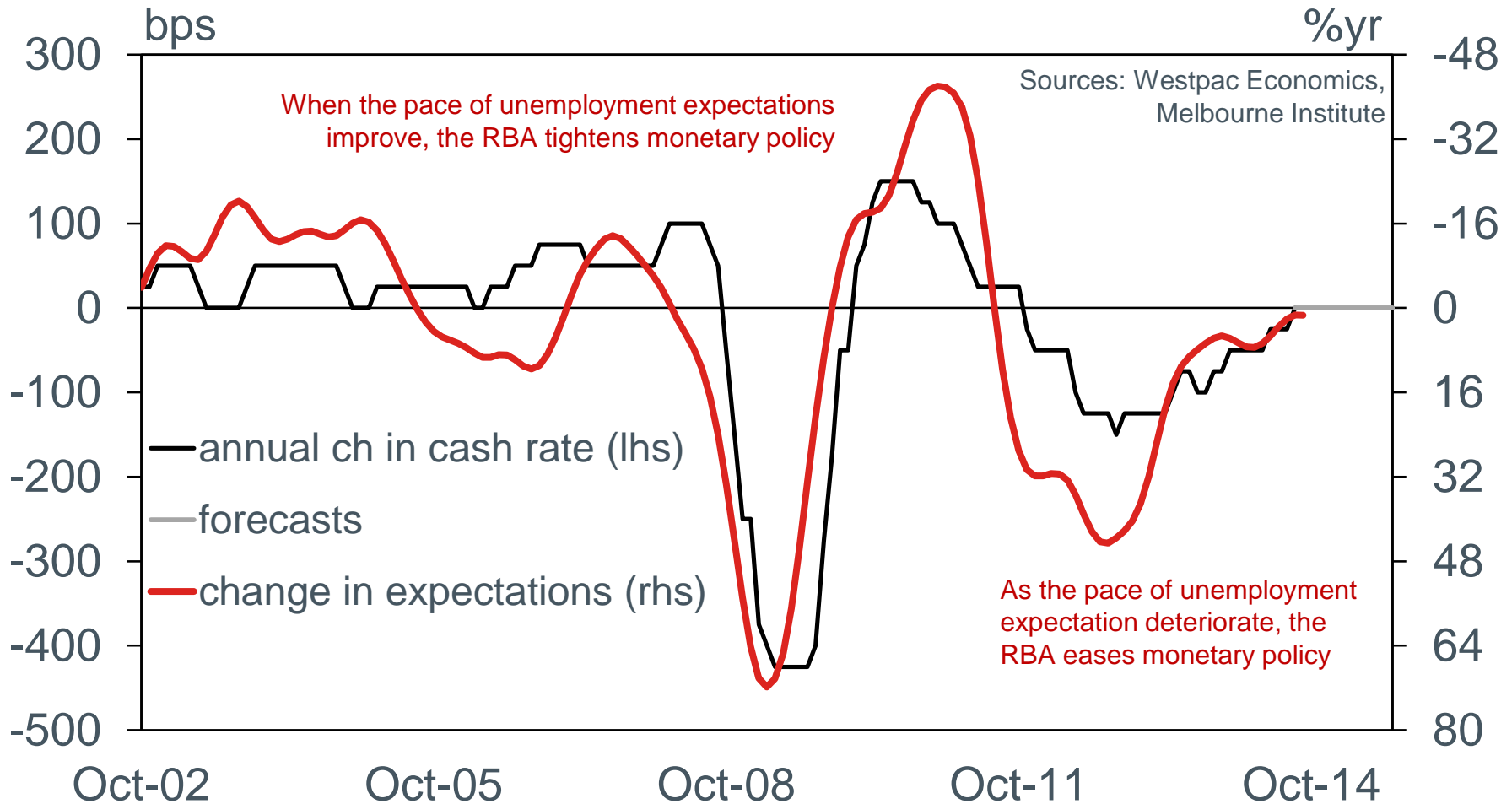
Urban areas have also improved



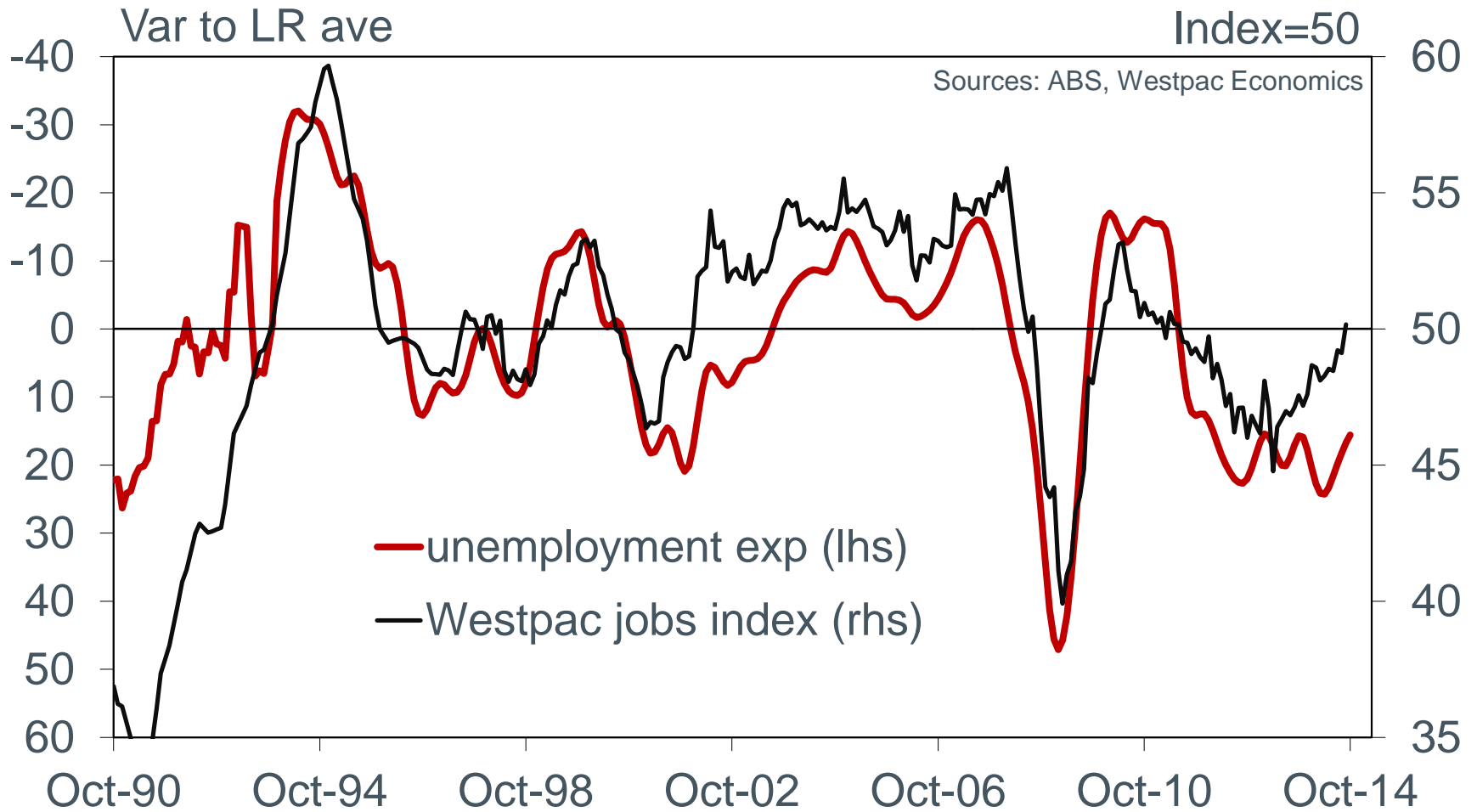
Job worries continue to point to low rates...



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



Jobs index suggests a turning point



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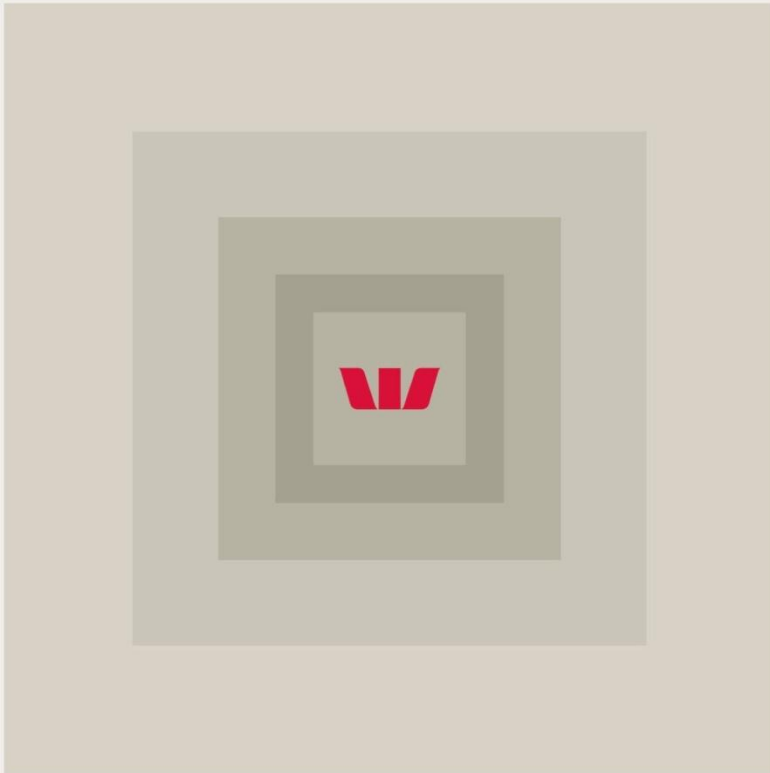
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