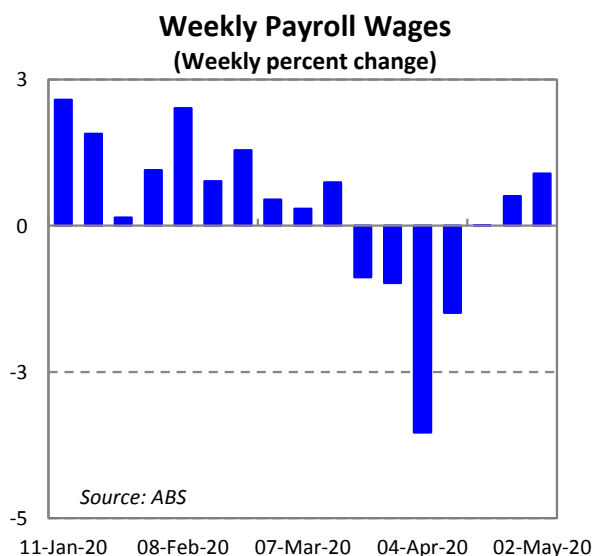
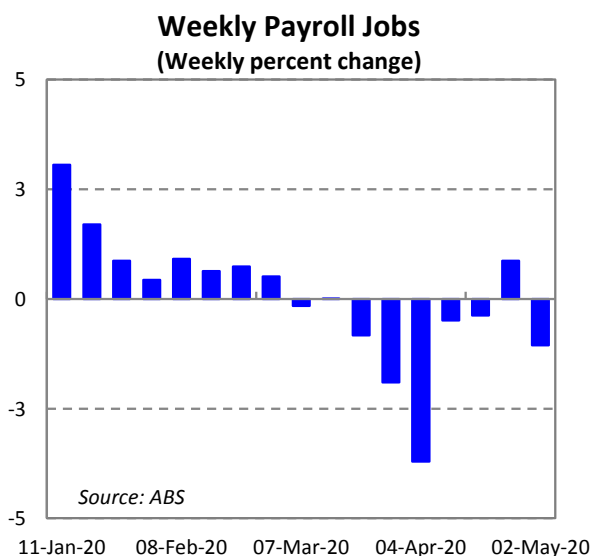


Tuesday, 19 May 2020

Weekly Payroll Wages & Jobs Is the Worst Over?

- Over the two weeks ending May 2, payroll jobs declined 0.2% and were down 7.3% from mid-March (week ending March 14). The rate of decline has slowed from late March to early April.
- While this data is not directly comparable to the key monthly labour force data, it is providing an early and tentative signal that the deterioration in labour market conditions might have slowed in early May.
- Labour force data for April revealed the largest employment fall (-594k) and the largest loss of hours worked (down 9.2%) on record (since the series dated back to 1978). Today's data provides some reassurance that the significant deterioration labour market conditions over April may not be repeated to the same extent.
- Another encouraging sign for the labour market was a pickup in total wages paid. The wages index increased 1.4% for the two weeks ending May 2 has increased for 3 consecutive weeks.
- Payroll jobs weakened across most industries over the two weeks ending May 2. The largest deterioration was in professional, scientific and technical services (-8.5%). Jobs in accommodation & food services increased 8.2% in the week, but were still down 39.0% from mid-March (week ending March 14).
- Across different States, the decrease in payroll jobs over the seven weeks ending May 2 was the most pronounced in VIC (-8.4%) followed by NSW (-7.7%). However, there were sizeable declines in SA (-7.2%), Tas (-7.2%), the ACT (-7.0%) and QLD (-6.1%) over the same period. Payrolls also declined in WA (-5.9%) and the NT (-4.0%), but to a lesser extent.



For the two weeks ending May 2, payroll jobs declined 0.2% and were down 1.1% from early April (week ending April 4).

However, the rate of decline has slowed from late March to early April. Over the two weeks ending April 11, the job index fell 4.2%, after the bulk of social distancing measures were implemented.

While this data is not directly comparable to the key monthly labour force data, it is providing an early signal that the deterioration in labour market conditions slowed in early May.

Labour force data for April revealed the largest employment fall (-594k) and the largest loss of hours worked (down 9.2%) ever recorded, since the series dated back to 1978.

We are cautious in reading too much into today's data given the series short history (beginning only this year). This data is also more volatile than employment in the monthly labour force series. We will need more data over May before determining the state of the labour market for the month. Nonetheless, it provides some reassurance that the significant deterioration labour market conditions over April is unlikely to be repeated to the same extent.

The weekly payroll data is still pointing to very weak conditions in the labour market. The index was down 7.3% from mid-March (week ending March 14), before restrictions to contain COVID-19 began.

Another encouraging sign for the labour market was a pickup in total wages paid. The wages index increased 1.4% for the two weeks ending May 2, and has increased for three consecutive weeks.

Payroll jobs weakened across most industries over the two weeks ending May 2. The largest deterioration was in professional, scientific and technical services (-8.5%).

Jobs in accommodation & food services increased 8.2% in the two weeks to May 2, but were still down 39.0% from mid-March (week ending March 14). This sector has been one of the hardest hit from social distancing restrictions. The arts & recreation services sector also gained in the two weeks to May 2, rising 5.9%.

Across different States, the decrease in payroll jobs over the seven weeks ending May 2 was the most pronounced in Victoria (-8.4%) followed by NSW (-7.7%). However, there were sizeable declines in South Australia (-7.2%), Tasmania (-7.2%), the ACT (-7.0%) and Queensland (-6.1%) over the same period. Payrolls also declined in Western Australia (-5.9%) and the Northern Territory (-4.0%), but to a lesser extent.

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