

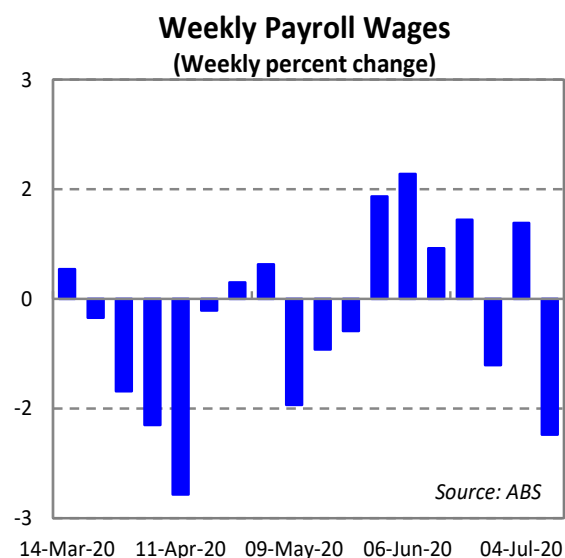
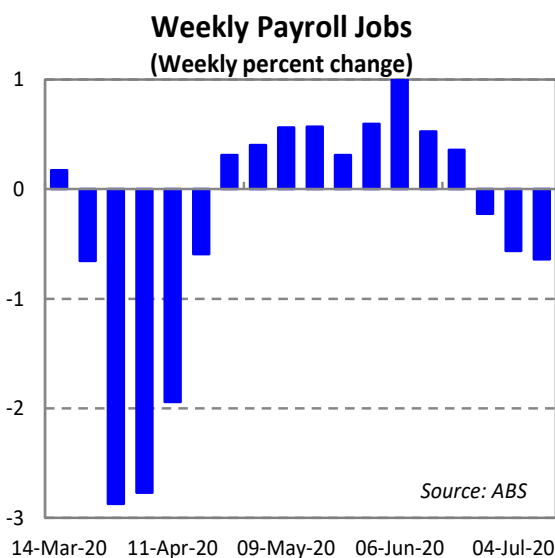


Tuesday, 28 July 2020



Weekly Payroll Wages & Jobs VIC Restrictions Bring More Job Pain

- There were signs of a deteriorating labour market through mid-July according to the latest weekly payroll jobs data.
- Weekly payrolls fell 1.2% over the fortnight to July 11 and have declined for three consecutive weeks. The renewed weakness would confirm that the rebound in jobs due to the easing of social distancing restrictions from May across the country has resulted in only a temporary spike in employment.
- The impact of renewed restrictions in Victoria was evident in weaker payrolls for the State. Compared with March 14, when Australia recorded its 100th COVID-19 case, Victorian payrolls were down -7.3%, the weakest of all States and territories.
- Falling payrolls in other States suggest that the contraction in demand and weak confidence is also weighing on the labour market more widely across the country.
- Today's data suggests that the partial recovery in jobs over June has unlikely continued through to July and confirms our view that the unemployment rate has further to rise from its current level at 7.4%.



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distancing restrictions from May across the country has resulted in only a temporary spike in employment.

The impact of renewed restrictions in Victoria was evident in weaker payrolls for the State. Stay-at-home restrictions were enforced for parts of Melbourne on July 1 and were broadened for Greater Melbourne and Mitchell Shire on July 8. In Victoria, payrolls fell 2.0% over the fortnight ending July 11.

Nonetheless, falling payrolls in other States suggest that the contraction in demand and weak confidence is also weighing on the labour market more widely across the country. ACT had an equally large fall in payrolls of 2.0% in the fortnight ending July 11. Payrolls also declined in NSW (-1.3%), The Northern Territory (-1.1%), Tasmania (-1.0%), Queensland (-0.8%) and South Australia (-0.3%) over the fortnight. Western Australia had a flat result and was the only State or territory where payrolls did not decline. Cases of COVID-19 have stayed low in the State and its dominant mining sector has been relatively immune from recent economic challenges.

Compared with March 14, when Australia recorded its 100th COVID-19 case, the largest decline in payrolls occurred in Victoria (-7.3%) followed by Tasmania (-6.8%), which has been hurt by the loss of tourism. Payrolls in ACT (-6.4%) were also down more than 6%. Payrolls were also significantly down in South Australia (-5.5%), NSW (-5.3%) and Queensland (-5.0%). However, a partial recovery in jobs over recent months has seen a less severe impact in Western Australia (-3.1%) and the Northern Territory (-3.7%).

Across industries, there was an ongoing recovery in retail, accommodation & food services and arts & recreation services, in which payrolls rose 1.1%, 1.7% and 5.1% respectively in the fortnight ending July 11, and continue to benefit from an easing of COVID-19 related restrictions. However, jobs remain well below their levels in mid-March. Accommodation & food services were 18.1% lower from its level the week ending March 14. Arts & recreation services (-16.3%) were also down significantly from its mid-March level.

Payrolls in some business services have been negatively impacted. Declines in professional, scientific & technical services (-1.4%), rental, hiring & real estate services (-2.5%) and construction (-3.3%) over the fortnight ending July 11 suggest that there is underlying weakness in demand.

Wages paid also showed similar weakness. In the two weeks ending July 11, wages paid were down 0.8%, the first fortnightly decline in seven weeks. Across the various States, Victoria led the decline falling 2.0% over the fortnight. Tasmania (-1.7%) had the second largest fall, followed by Queensland (-1.5%), then the ACT (-1.3%). Wages paid also fell in NSW (-0.4%), but increased in South Australia (0.3%), Western Australia (1.1%) and the Northern Territory (0.6%).

Outlook

There are some differences between the monthly labour force data and today's weekly payrolls. Nonetheless, today's data suggests that labour market conditions have deteriorated with the re-imposed restrictions in parts of Victoria and the broad weakness in domestic demand. The partial recovery in jobs over June has unlikely continued through to July and confirms our view that the unemployment rate has further to rise from its current level at 7.4%.

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