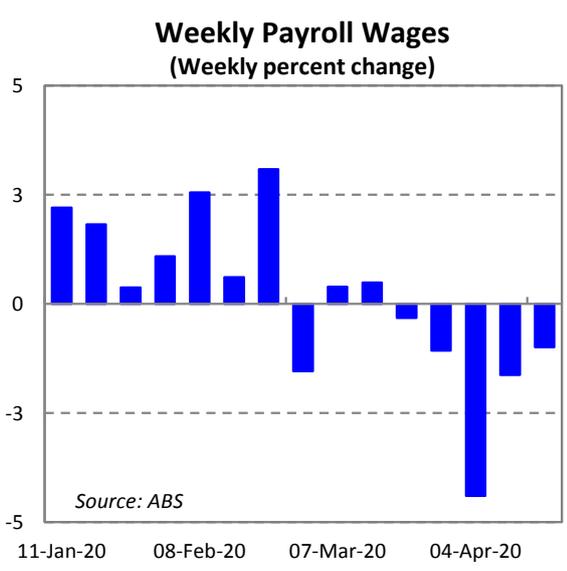


Tuesday, 5 May 2020

Weekly Payroll Wages & Jobs

Social Distancing Crunch Continues

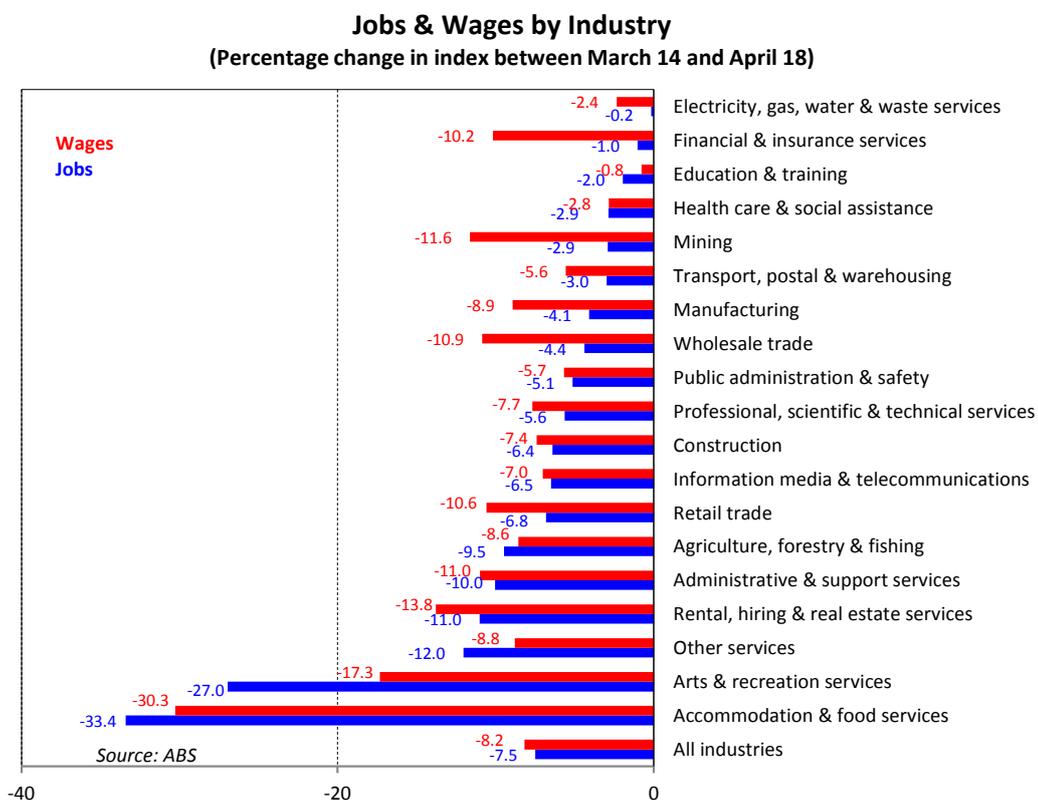
- Weekly data from a new series by the Australian Bureau of Statistics (ABS) show that labour market conditions continued to crumble in mid-April.
- The labour market in all key industries deteriorated, but the most pronounced decline in jobs was in the accommodation & food and arts & recreation services sectors.
- The jobs index fell 7.5% over the five weeks ending April 18. Over the same period, the wage index fell 8.2%.
- Social distancing measures were first introduced in the week ending March 14, when Australia recorded its 100th case of the novel coronavirus.
- On a weekly basis, declines in jobs and wages have continued, but have lessened over the past few weeks. The data series is not seasonally adjusted and is subject to revision.
- Historical values for the new series suggest that the payrolls data is not a precise indicator of the monthly labour force survey, which provides the official statistics for employment and the unemployment rate.
- However, it is clear that labour market conditions deteriorated sharply in April and employment is expected to fall significantly.



The labour market continued to deteriorate through the middle of April, according to the second edition of a new weekly jobs and wages series released today by the Australian Bureau of Statistics (ABS). The new statistics capture weekly data submitted to the Australian Taxation Office through the Single Touch Payroll (STP) system. Businesses continued to register fewer employees and lodged fewer wages expenses in the two weeks to April 18. More positively, the rate of decline slowed from the drop registered during the week ending April 4, when new social distancing requirements were being aggressively ramped up.

Industries relying most on physical proximity and social interaction continued to be the most heavily affected. Accommodation & food services and arts & recreation services have recorded the largest falls in employment and wages since March 14.

The jobs index fell 7.5% between the week ending April 18 and the week ending March 14. Social distancing measures were first introduced in the week ending March 14, when Australia recorded its 100th case of the novel coronavirus. Over the same period, the wage index fell 8.2%. The larger fall in wages compared with jobs suggests that employers are choosing to reduce hours and stand down employees in an effort to retain some capacity. The Federal Government's JobKeeper Payment Scheme appears to have influenced some firms' decision making. A separate survey released yesterday showed that 44% of businesses were influenced to retain staff by the scheme.



In the two weeks ending April 18, the number of jobs registered via STP fell 0.3% and 1.4%. The index has fallen for seven consecutive weeks, however, the recent falls have been below the 3.8% drop registered over the week ending April 4. Wages fell 1.6% and 1.0% in the weeks ending April 11 and 18, respectively, down from 4.4% over the week ending April 4. Note that weekly wages data is subject to revision and can be volatile. The data are currently only available on an original (non-seasonally adjusted) basis.

By industry, accommodation & food services was the hardest hit by the social distancing measures necessary to contain the spread of the coronavirus. Jobs in this industry fell 33.4% between March 14 and April 18, while wages were down 30.3%. Education & training, electricity gas & waste water services and health care services have all fared better than the average (although all reported reduced employment and wages between March 14 and April 18). Financial & insurance services reported the second smallest decline in jobs (1.0%), however, the sector recorded a 10.2% drop in wages paid.

Victoria experienced the greatest decline in jobs between March 14 and April 18, with an 8.6% decline reported by firms in the State. The Northern Territory recorded the smallest fall of 5.7%. New South Wales recorded a 7.4% drop over the period while South Australia, Queensland and Western Australia registered falls of 7.8%, 6.5% and 6.6%, respectively.

	Change in employee jobs between March 14 and April 18	Change in total wages between March 14 and April 18	Age	Change in employee jobs between March 14 and April 18	Change in total wages between March 14 and April 18
NSW	-7.4%	-7.5%	Under 20	-18.5%	-6.9%
Vic.	-8.6%	-9.2%	20-29	-11.8%	-10.3%
Qld.	-6.5%	-8.3%	30-39	-5.5%	-7.3%
SA	-7.8%	-4.5%	40-49	-4.2%	-8.2%
WA	-6.6%	-9.0%	50-59	-4.1%	-7.6%
Tas.	-8.0%	-9.3%	60-69	-5.3%	-6.9%
NT	-5.7%	-9.2%	Over 70	-13.9%	-10.7%
ACT	-6.9%	-7.5%	All persons	-7.5%	-8.2%
Australia	-7.5%	-8.2%			

Source: ABS

Source: ABS

Labour conditions deteriorated most for the youngest and oldest Australians over the five weeks to April 18. The largest fall in employment was registered in those aged under 20 (-18.5%). There were also sizeable falls in employed in age groups 20-29 (an 11.8% fall) and those aged over 70 (a 13.9% fall). These age groups are often more prevalent among the employed in accommodation & food and arts & recreation services sectors, which have been most affected by the coronavirus containment measures.

The weekly payrolls data is a relatively new series so it is not yet clear how well it can guide us in estimating statistics in the labour force survey, which is produced monthly by the ABS. It is the source of widely quoted statistics such as employment and the unemployment rate. The historical data available suggest that the payrolls data is more volatile than the comparable unadjusted employment data from the labour force survey.

Nevertheless, the steep drop in jobs as reported in the payroll data suggests that the labour market deteriorated sharply in April, reflecting the introduction of social distancing measures. Our forecast is that the labour force survey will show that 450k jobs were lost in April, causing the unemployment rate to spike to 8.3% from 5.2% in March.

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