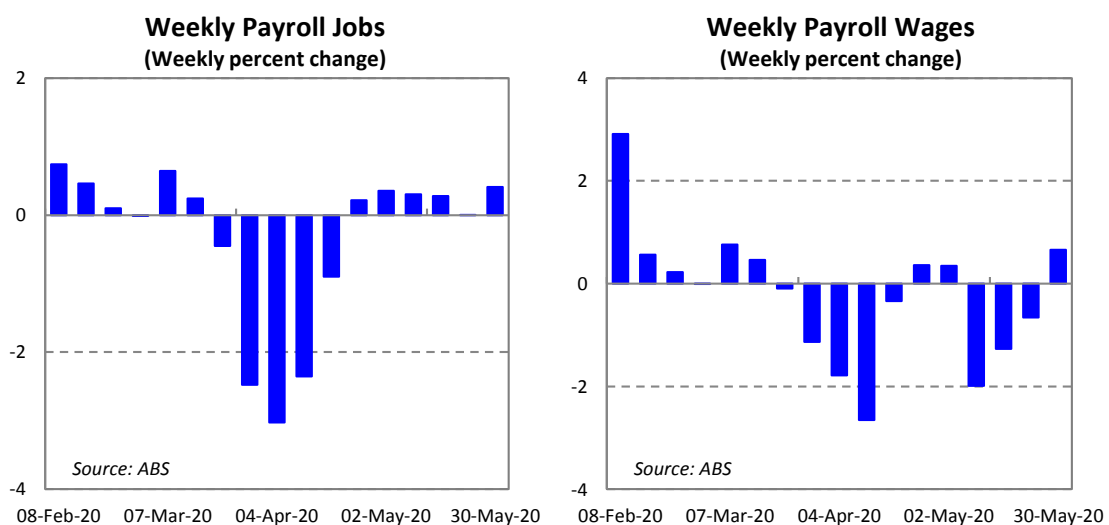


Tuesday, 16 June 2020

# Weekly Payroll Wages & Jobs

## May The Labour Force Be With You

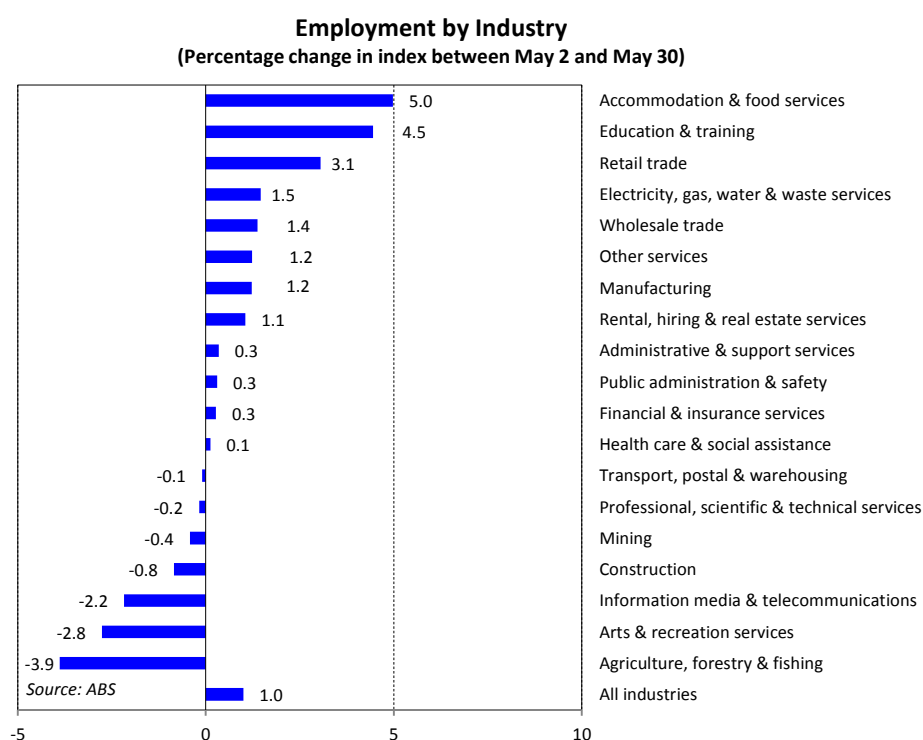
- Payroll jobs showed signs of stabilising in May as social distancing measures were gradually relaxed and the economy cautiously regained some semblance of normal.
- Jobs increased by 1.0% between the week ending May 2 and the week ending May 30. It followed a 6.0% fall in April.
- The data is not seasonally adjusted and has proven to be volatile over its short history. However, it suggests that the large-scale job losses experienced in the wake of COVID-19 has slowed.
- Unsurprisingly, the recovery in May was led by industries which suffered the most due to social distancing measures in April. Accommodation & food services saw the highest increase by industry, up 5.0%. Jobs in this sector were down by 36.4% from their March 14 level compared with April 18.
- By State, the fastest recovery was recorded in South Australia (2.2%) while Victoria was the only State to record a decline in jobs over the month (-0.4%).
- Losses in jobs were the most pronounced in the inner regions of metropolitan areas. Between March 14 and May 30, the largest decline in payroll jobs at a statistical level 4 (SA4) level was shared between the Melbourne and Sydney inner city areas, with each 10.6% lower.
- While the data is not directly comparable to the key monthly labour force data, it suggests that the labour force survey this Thursday is unlikely to show a fall of the same magnitude experienced in April. An increase in the unemployment rate is still likely.



Payroll jobs showed signs of stabilising in May as social distancing measures were gradually relaxed and the economy cautiously regained some semblance of normal. Jobs increased by 1.0% between the week ending May 2 and the week ending May 30. In April there was a 6.0% decline in payroll jobs registered.

Between the weeks ending March 14 (when Australia recorded its 100<sup>th</sup> COVID-19 case) and the week ending April 18, payrolls jobs declined 8.9%. Jobs have slowly improved since then. As of May 30, there were 7.5% fewer jobs compared with March 14.

Unsurprisingly, the recovery in May was led by industries which suffered the most due to social distancing measures in April. Accommodation & food services saw the highest increase by industry, up 5.0% between the weeks ending May 2 and May 30. Jobs in this sector were down by as much as 36.4% from their March 14 level compared with April 18. Other sectors to record a robust recovery were education & training (4.5%) and retail trade (3.1%). Arts & recreation services continued to struggle, with jobs in the sector declining 2.8% over the month and were 26.3% lower than their March 14 level.



By State, the fastest recovery was recorded in South Australia (2.2%) while Victoria was the only State to record a decline in jobs over the month (-0.4%). New South Wales saw the second highest increase in jobs during May (1.6%), followed by the Northern Territory (1.5%). Queensland and Western Australia both increased 1.4%. Payroll jobs rose 1.3% in the ACT and Tasmanian payrolls jobs growth rose 0.1%.

This edition of the weekly payrolls jobs & wages data also included data on a more regional level. It revealed that across the country, losses in jobs were the most pronounced in the inner regions of metropolitan areas. These areas tend to have a high concentration of accommodation & food services businesses. Between March 14 and May 30, the largest decline in payroll jobs at a statistical level 4 (SA4) level was shared between the Melbourne and Sydney inner city areas, with both 10.6% lower.

The series is not seasonally adjusted and is therefore subject to the strong seasonal effects

prevalent in the labour market. However, it suggests that the large-scale job losses experienced in the wake of COVID-19 has abated.

Wages data paints a much more mixed picture. Payroll wages fell 3.2% through May, and were down 8.3% from their level in the week ending March 14. Wages data was subject to significant revisions in this edition of the weekly payrolls release due to the payment of the Federal Government's JobKeeper wage subsidy. The Australian Bureau of Statistics (ABS) said that payroll wages data reflects payments made by employers to employees, and the Single Touch Payrolls system (which is where the data is sourced from), attributes the wages to the underlying period when the compensated work was performed. Most JobKeeper payments were paid lump-sum in May and were back-dated throughout April. This resulted in significant upward revisions to wages data in April and therefore had a negative base effect on May's results.

While the data is not directly comparable to the key monthly labour force data, it suggests that the labour force survey out Thursday is unlikely to show a fall in employment of the same magnitude experienced in April. Nevertheless, the large number of employed individuals working zero hours in the most recent labour force survey suggests a risk of a further decline in employment in May. We forecast that Thursday's labour force survey will show a decline of 150k in employment in May, and for the unemployment rate to rise further. However, there is considerable uncertainty surrounding this forecast.

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