



# Workin' hard for the money

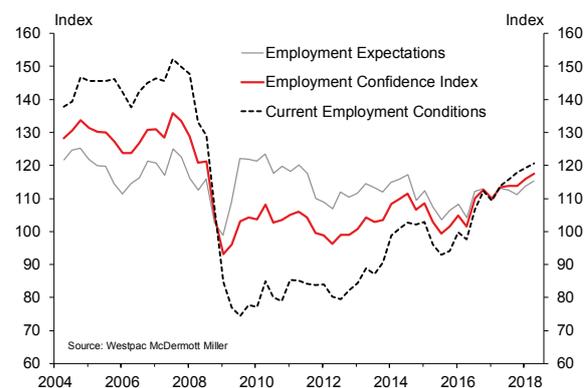
## Westpac McDermott Miller Employment Confidence Index, June 2018

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- The Westpac-McDermott Miller Employment Confidence Index rose 1.5 points in June to a level of 117.4. That's the highest level since 2008.
- New Zealand workers are reporting that jobs availability has continued to improve, and that they are feeling more secure in their jobs.
- However, there is some nervousness about job opportunities over the coming year.
- The number of households who reported receiving a pay rise last year remains low. In addition, households remain pessimistic about the outlook for earnings growth.

Employment confidence index



### Employment Confidence Indices

	Jun-18	Mar-18	Change
Employment Confidence Index	117.4	115.9	1.5
Present Conditions Index	120.7	119.2	1.5
Employment Expectations Index	115.3	113.7	1.6
Current job opportunities	15.1	7.6	7.5
Expected job opportunities	-1.3	-0.1	-1.2
Past earnings growth	26.4	30.8	-4.4
Expected earnings growth	32.9	30.0	2.9
Own job security	14.2	11.3	2.9

### Job opportunities have continued to improve...

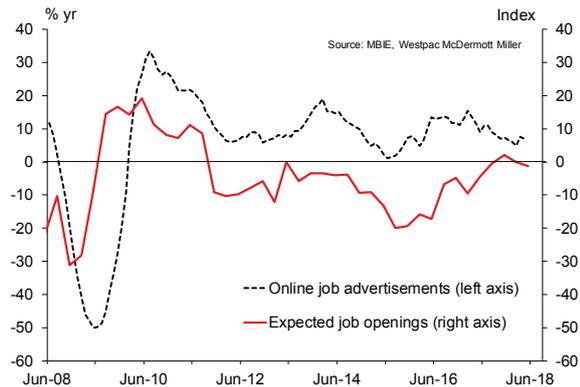
The Westpac-McDermott Miller Employment Confidence Index rose 1.5 points in June, taking it to a level of 117.4. That was the fifth consecutive gain and takes New Zealander's confidence in the state of the labour market to its highest level in a decade.

Supporting the continued gains in labour market confidence has been the protracted period of growth in the New Zealand economy. New Zealand is now into its eighth year of expansion and the unemployment rate has fallen to 4.4% - the lowest it's been since 2008. This firmness in the labour market has seen households reporting improved jobs availability. Similarly, New Zealanders who are already employed are feeling more secure about their employment situations.

## ...but is this as good as it gets?

But while households are feeling positive about the current state of the labour market, they've told us that they think job openings will be a little harder to find over the coming year. To date, this easing in expected job openings has been fairly modest. However, it comes atop other signs that economic growth is slowing, such as the levelling off of monthly retail spending, and some softening in the growth of online job advertisements. Taken together, it looks like the unemployment rate may struggle to push lower from here.

### Expected job openings and online job advertisements



## Earnings growth remains soft

The other area of softness in this quarter's survey was the earnings picture. The number of households who reported an increase in their earnings over the past year has fallen. In addition, the number of households that expect to see a lift in earnings over the coming year is still at low levels. This is despite the increase in the minimum wage and highly publicised collective bargaining negotiations that are underway.

Expectations for earnings growth remain low across nearly all income groups (the exception being those households earning more than \$100,000 per annum).

### Earnings in paid work this time next year and annual wage inflation



## Regional breakdown

The June quarter saw labour market confidence improving in seven regions, and falling in four.

### Employment confidence: regional breakdown

Region	Jun-18	Mar-18	Change
Northland	119.4	111.4	8.0
Auckland	122.0	118.7	3.3
Waikato	117.9	114.4	3.5
Bay of Plenty	115.6	122.6	-7.0
Gisborne/Hawkes Bay	114.0	109.7	4.3
Taranaki/Manawatu-Whanganui	107.4	113.6	-6.2
Wellington	116.8	115.3	1.5
Nelson/Marlborough/Westland	117.9	107.2	10.7
Canterbury	115.6	107.3	8.3
Otago	121.8	112.0	9.8
Southland	123.9	106.9	17.0

At the top of the table is **Auckland**, with households in the region reporting a large increase in jobs availability this quarter. Those in our largest city are also quite upbeat about the outlook for earnings over the coming year.

The June quarter saw a particularly large increase in labour market confidence in the **Nelson/Marlborough/West Coast** region as earlier disruptions caused by extreme weather have passed. Unemployment in the region remains low. Positive conditions in the wine, horticulture and parts of the agricultural sector are continuing to support activity.

Labour market confidence has also lifted in **Northland**. Those in the region are reporting solid levels of jobs availability and job security. They're also upbeat about their earnings prospects. These trends have likely been supported by elevated commodity prices and the announcement of new government investment in the region.

**Cantabrians** are feeling more optimistic about the state of the labour market. While growth has taken a step down as the peak of the rebuild has past, activity in the region is being supported by improved conditions in the services sector (including tourism) and manufacturing sector. This has seen jobs availability and security holding up. However, expectations for earnings growth in the region remain low.

**Wellingtonians** remain fairly positive about the state of the labour market. Although there is a little nervousness about jobs growth over the coming year, job availability remains healthy and job security has improved strongly. This is likely to be related to expectations of increased public sector spending.

Labour market confidence also increased in both the **Waikato** and the **Gisborne/Hawke's Bay** regions, with households reporting firm levels of jobs availability.

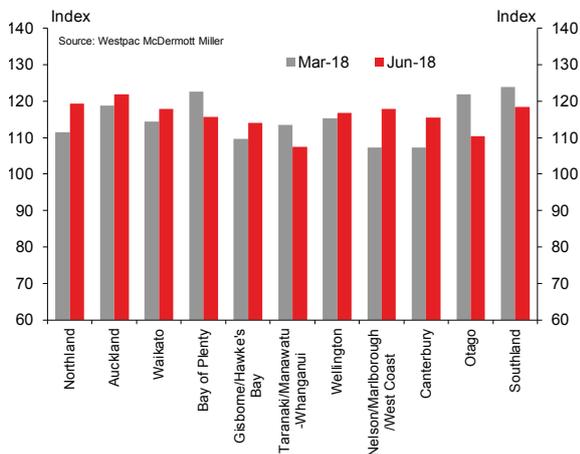
On the downside, the lowest levels of employment confidence were seen in the **Taranaki/Manawatu-Whanganui region**. A low number of households in the

region are reporting increases in earnings, and they are very pessimistic about the outlook for earnings growth over the coming year. Households in the region are also reporting low levels of job security. Such concerns may be related to the Government's decision not to grant any more deep-sea oil and gas exploration permits.

Labour market confidence fell sharply in **Otago** this quarter. While households in the region are still reporting that jobs are plentiful, there is some nervousness about job security. Earnings growth also remains low. The spread of the Mycoplasma bovis cattle disease is likely to have weighed heavily on sentiment in the farming sector.

Labour market confidence also softened in both **Southland** and in the **Bay of Plenty**. However, in both of those regions, these recent declines followed strong gains earlier in the year, and leave confidence at above average levels. Both of these regions are still reporting good levels of jobs availability.

### Employment confidence by region

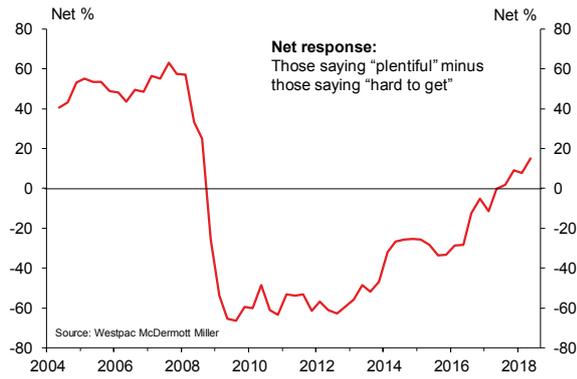


### Survey description

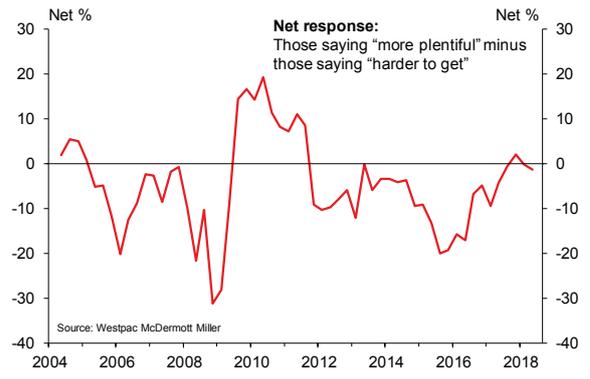
The Westpac McDermott Miller Employment Confidence Index summarises responses to five questions: households' perceptions of current and future job opportunities in New Zealand, their own actual and expected earnings, and expected changes in their own job security. The questions about current job opportunities and earnings are summarised in the Current Employment Conditions Index, while the questions about the year ahead are summarised in the Employment Expectations Index. The survey took place over the period 1 – 11 June 2018. The sample size was 1555.

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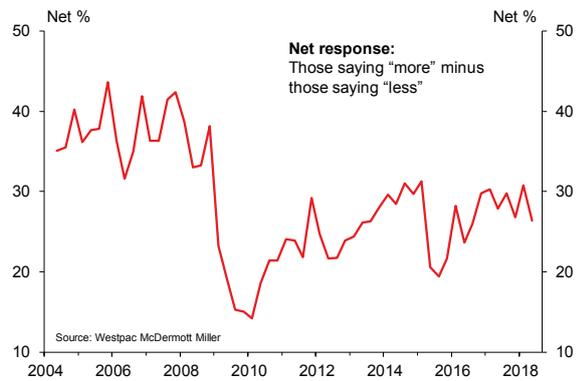
### Do you think jobs are plentiful or hard to get in NZ?



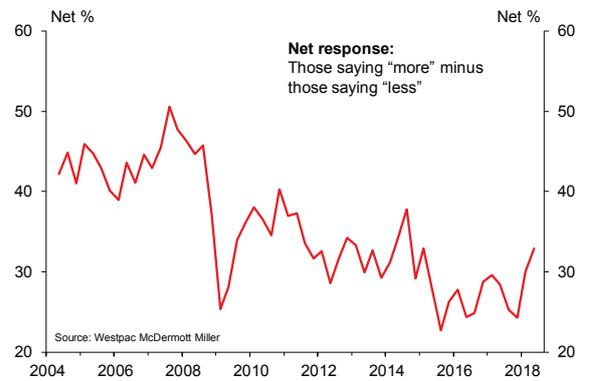
### Job opportunities in NZ in a year's time



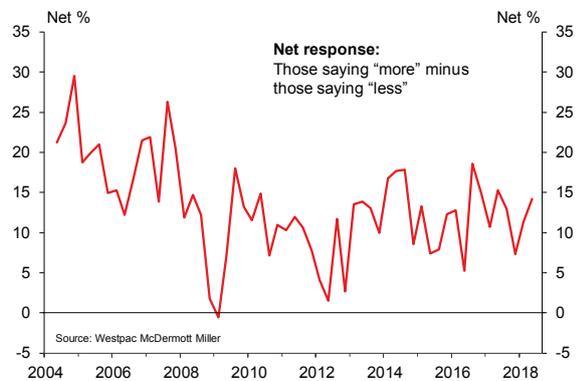
### Earnings in paid work compared to last year



### Earnings in paid work this time next year



### Personal job security over the coming year



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