

Westpac McDermott Miller Employment Confidence.

21 January 2020



Employment Confidence Index rises 1.8 points to 102.8 in December.

- New Zealanders are feeling a little more optimistic about the state of the labour market.
- That pick-up in labour market confidence has been underpinned by increasing optimism about the outlook for earnings.
- Labour market confidence is highest in the Bay of Plenty and Auckland. In contrast, workers in Northland, Canterbury and Taranaki/Manawatu-Whanganui tend to be less optimistic than those in other regions.

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Employment confidence indices

	Dec-19	Sep-19	Change
Employment Confidence Index	102.8	101.0	1.8
Present Conditions Index	102.8	102.1	0.7
Employment Expectations Index	102.8	100.3	2.5
Current job opportunities	-17.1	-14.9	-2.2
Expected job opportunities	-20.7	-27.3	6.6
Past earnings growth	22.7	19.2	3.5
Expected earnings growth	28.4	26.1	2.3
Own job security	0.6	2.0	-1.4

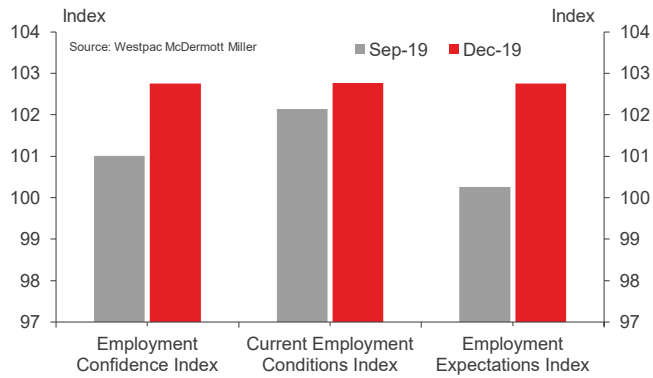
New Zealanders are feeling a little more optimistic about the state of the labour market. That was reflected in the latest Westpac McDermott Miller Employment Confidence Index which rose 1.8 points in December, taking it to a level of 102.8 (a level of over 100 indicates that optimists outnumber pessimists).

Underpinning December's lift in confidence has been increasing optimism about the outlook for earnings. Wage growth has risen to a ten-year high, and among the households we spoke to a net 23% reported that their own earnings had increased over the past year. On top of that, a net 28% of households expect to see an increase in their earnings over the year ahead. Both of those results are up on the levels we saw in our September survey.

However, it's a very different story when we look at households' views on the availability of jobs. Households remain very pessimistic about their chances of finding a new job, and they don't expect that the number of job openings will increase by much over the year ahead. A growing number of households are also noting concerns about their job security. That sense of nervousness chimes with other indicators we've seen pointing to slowing jobs growth in recent months.



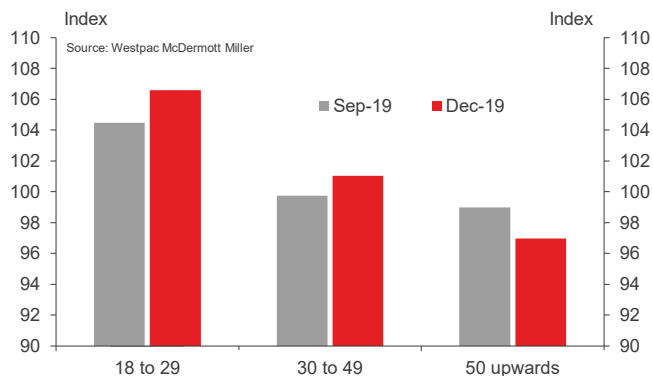
Employment Confidence



Employment confidence is highest among those aged 18 to 29. Compared to other workers, those in this age range are more likely to have had an increase in their earnings over the past year. They're also more optimistic about their chance of a pay rise over 2020.

In contrast, employment confidence among those aged over 50 is noticeably lower than it is for other age groups. Certainty of employment is a particular concern for workers in this age group, with the number of workers reporting that they feel secure in their jobs taking a step down in recent months.

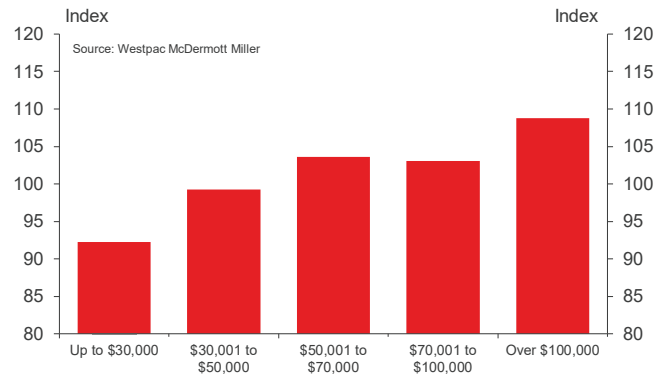
Employment confidence by age group



Looking across income brackets, households earning less than \$30,000 per annum are much more concerned about their job security than other workers. These households are also less likely to have received a pay increase over the past year.

It's the opposite picture for those earning over \$100,000 per annum. Those in this group are more likely to have received a pay increase over 2019 and are much less concerned about their job security.

Employment confidence by income bracket



Employment confidence indices by region

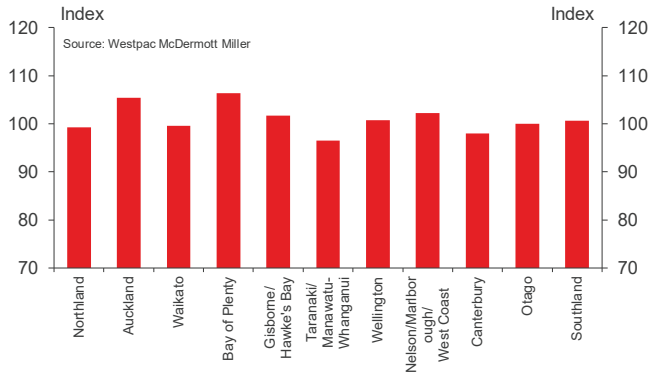
	Dec-19	Sep-19	Change
Northland	99.2	100.2	-1.0
Auckland	105.5	101.4	4.1
Waikato	99.5	95.0	4.5
Bay of Plenty	106.4	106.6	-0.2
Gisborne/Hawke's Bay	101.7	107.2	-5.5
Taranaki/Manawatu-Whanganui	96.5	98.5	-2.0
Wellington	100.7	96.2	4.5
Nelson/Marlborough/West Coast	102.2	102.7	-0.5
Canterbury	98.0	101.1	-3.1
Otago	100.0	100.2	-0.2
Southland	100.7	103.3	-2.6

Employment confidence is highest in the Bay of Plenty. Workers here are reporting much higher levels of job security than in other parts of the country. They are also feeling quite upbeat about the outlook for their earnings. Helping to support confidence in the Bay of Plenty's economy has been a solid season for kiwifruit export earnings, as well as a lift in construction activity and strength in house prices.

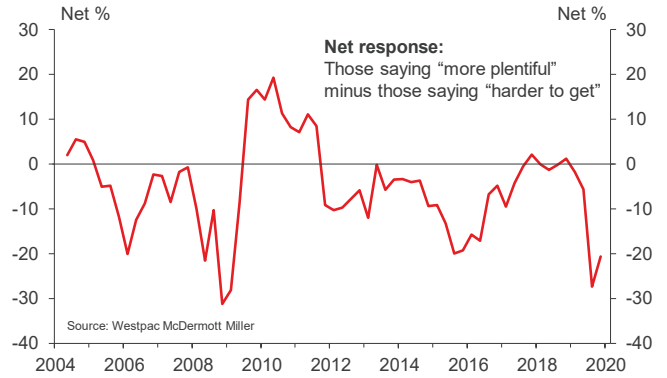
Employment confidence has also picked up in Auckland, where increasing numbers of workers are reporting that their earnings are on the rise. Auckland's unemployment rate has trended down in recent years, and the firming in the housing market is likely to have boosted confidence in the region's economy.

Employment confidence is lowest in Northland, Canterbury and Taranaki/Manawatu-Whanganui. Workers in all these regions have highlighted concerns about the availability of jobs. They're also less optimistic about the chances of a pay rise than those in other parts of the country.

Employment confidence by region



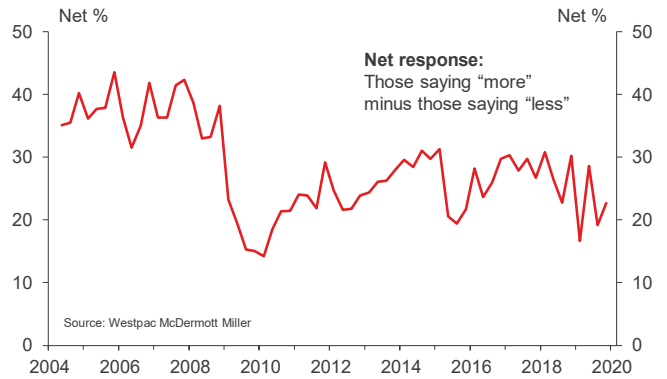
Job opportunities in NZ in a year's time



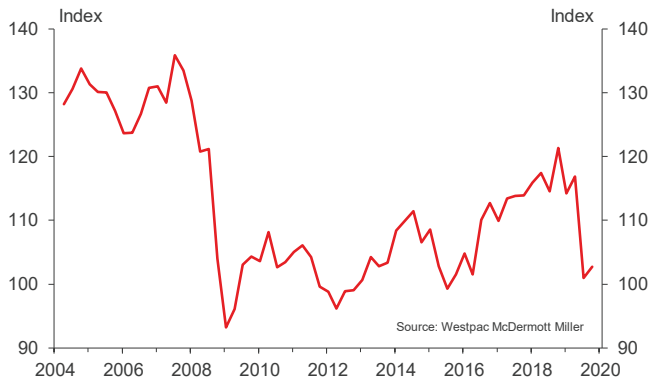
Survey description.

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 1-10 December 2019. The sample size was 1,557.

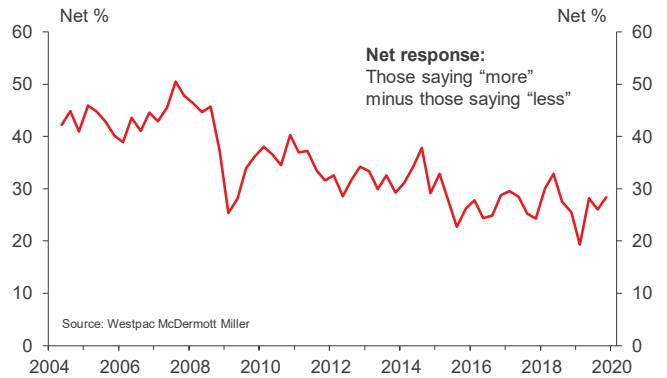
Earnings in paid work compared to last year



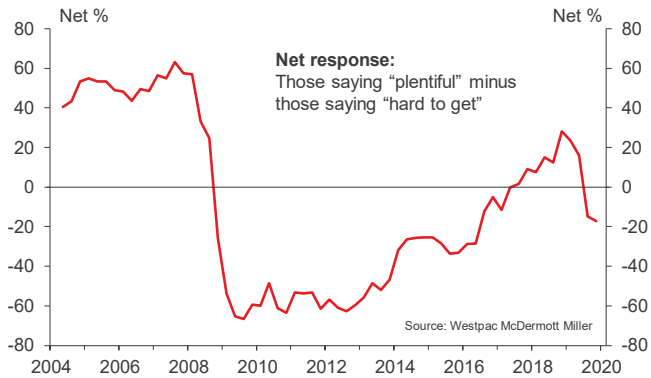
Employment Confidence Index



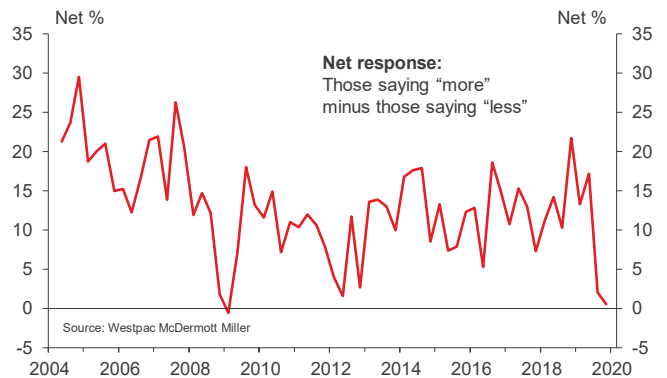
Earnings in paid work this time next year



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



Personal job security over the coming year



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