



# ECONOMIC BULLETIN

## Westpac McDermott Miller Employment Confidence, June quarter 2024.



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### Turning for the worse

- Employment confidence fell by 13 points to 91.4 in the June quarter, reaching its lowest level since 2020.
- Jobs are seen as increasingly hard to come by, signalling a further rise in the unemployment rate in the months ahead.
- Perceptions about pay growth and job security also declined.
- Confidence was down across all regions and age groups.

Employment confidence indices

	Jun-24	Mar-24	Change
Employment Confidence Index	91.4	104.4	-13.0
Current Employment Conditions Index	87.2	102.3	-15.2
Employment Expectations Index	94.3	105.8	-11.6
Current job opportunities	-36.1	-12.3	-23.8
Expected job opportunities	-27.6	-14.6	-13.0
Past earnings growth	10.4	16.9	-6.5
Expected earnings growth	17.8	24.8	-7.0
Own job security	-7.4	7.3	-14.7

Employment Confidence Index



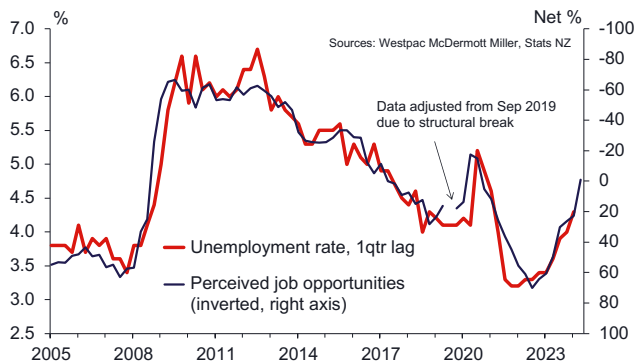
New Zealand households have taken a much dimmer view of the jobs market over the last three months. The Westpac-McDermott Miller Employment Confidence Index fell by 13 points to 91.4 in the June quarter survey, bringing it down to its lowest level since 2020 when the country was in the midst of the Covid pandemic. A reading below 100 indicates that more New Zealanders are pessimistic about the state of the labour market than are optimistic.

The biggest decline was seen in people’s perceptions of current job opportunities, which fell by almost 24 points to a net -36%. This measure is of particular interest

to us as it has had a close correspondence with the unemployment rate over time (aside from a structural break in 2019 as a result of improvements to the survey). The latest result suggests that the rise in unemployment, which began gradually in 2022 and 2023, is now gaining some momentum.

A lift in the unemployment rate has been long anticipated, as part of the Reserve Bank’s efforts to tame inflation pressures. If anything, it’s taken longer than expected to arise – perhaps due to employers looking to hold on to workers during the economy’s slowdown, having been burned by the difficulties of finding workers a couple of years back. We haven’t seen evidence of a significant rise in layoffs to date, but that may change as the slowdown progresses.

### Current job opportunities vs unemployment rate

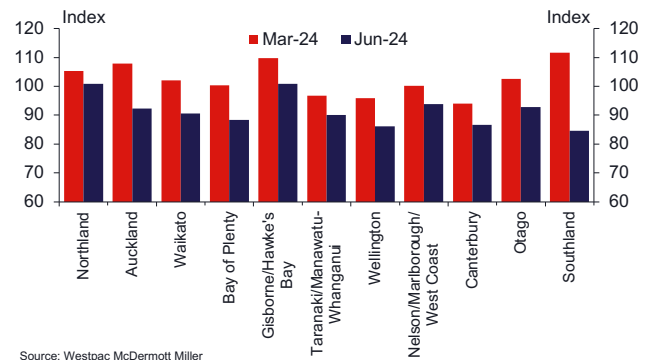


Confidence was also weaker across the other survey measures, which had otherwise seen some improvement in the previous survey. Expected job opportunities in a year’s time fell sharply, dropping below its pandemic-period readings. Past and expected earnings growth both fell back into the ranges that they’ve occupied for the last few years. And perceptions about job security reversed the surprising jump that we saw in the March survey, instead falling to a level more consistent with the tone of the job market commentary that we’ve seen so far this year.

The drop in sentiment was shared across all age groups and income levels. Younger respondents (under 30) remained the most positive, but gave back most of the gains that we saw in the previous quarter.

Similarly, confidence fell across every region to varying degrees. While there has been substantial reporting about job cuts in the public sector, Wellington only fared around average in terms of the drop in confidence over the quarter; the Auckland region actually saw a bigger decline. Southland saw the most dramatic shift, swinging from the most to the least confident region this quarter.

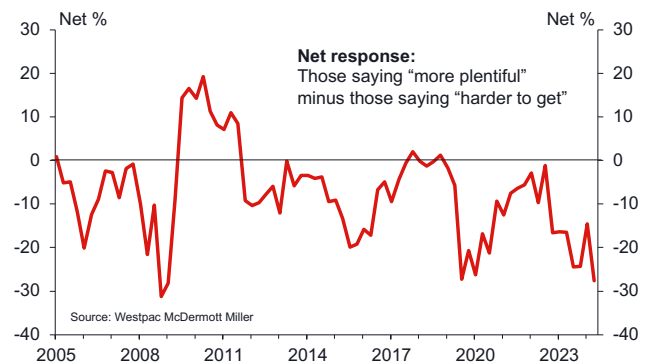
### Employment confidence by region



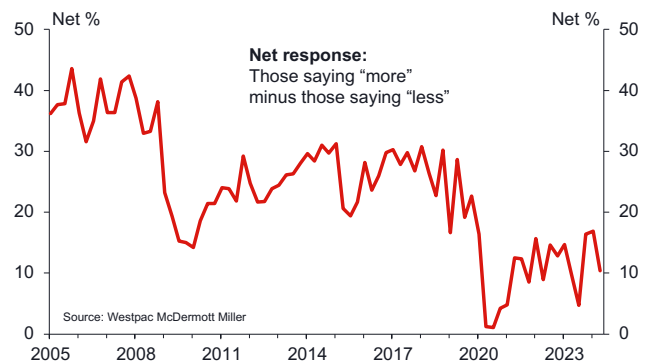
### Survey details.

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 1-12 June 2024.

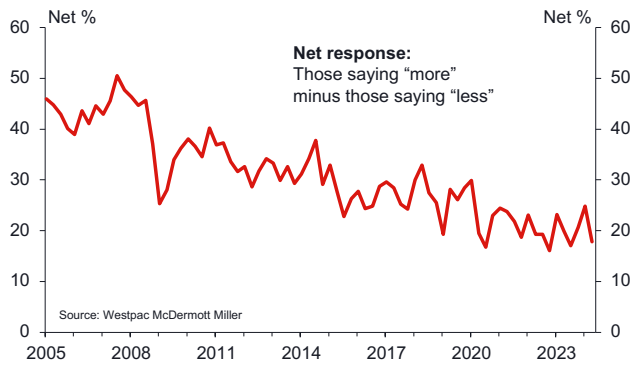
### Job opportunities in NZ in a year’s time



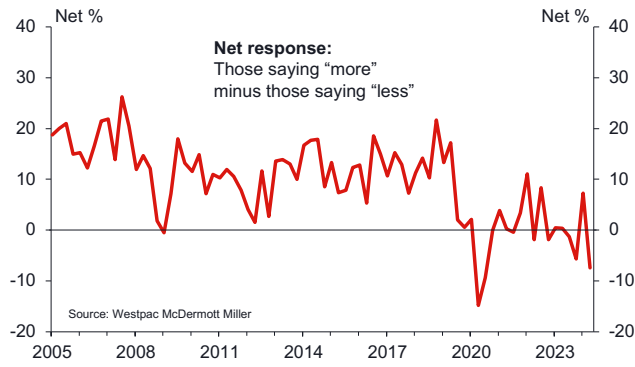
### Earnings in paid work compared to last year



### Earnings in paid work this time next year



### Personal job security over the coming year



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