

# Westpac McDermott Miller Employment Confidence.

26 September 2019



## Employment Confidence Index 101.0 in September.

- Households turned more pessimistic about conditions in the New Zealand labour market in September.
- Jobs were seen as difficult to find, but expectations about earnings were modestly positive.
- We caution against comparing the results to previous quarters, due to a change in the survey methodology.

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### Employment confidence indices

	Sep-19	Jun-19
Employment Confidence Index	101.0	116.9
Present Conditions Index	102.1	122.4
Employment Expectations Index	100.3	113.2
Current job opportunities	-14.9	16.2
Expected job opportunities	-27.3	-5.7
Past earnings growth	19.2	28.6
Expected earnings growth	26.1	28.2
Own job security	2.0	17.2

The Westpac McDermott Miller Employment Confidence Index was 101 in September, indicating that optimists only slightly outnumbered pessimists. Households were downbeat on current and future job prospects, but were modestly optimistic about earnings growth.

The September quarter index was lower than what we've seen in the last few years. However, we need to add a major health warning with this. In this quarter, the survey methodology shifted from computer-assisted telephone interviews to self-completed online responses. This appears to have affected the survey sample - for instance, a greater share of respondents reported that they are currently working - and may have had a substantial impact on the results.

As a result, we'd caution against making comparisons with the previous quarter. However, within-quarter comparisons such as by age or region are still valid, and we will be able to look at changes again in the December survey.

A net 15% of respondents thought that jobs are currently hard to get, and a net 27% thought that they would be hard to get in a year's time. The results were fairly consistent across age



and income brackets, although high-income households were relatively optimistic about current job prospects.

These measures had already declined a little in the previous two quarters, and while we can't make direct comparisons, it's plausible that they may have deteriorated further. Concerns about job availability may seem surprising when the unemployment rate is at an 11-year low of 3.9%. However, forward-looking indicators have been more concerning. Weak business confidence is weighing on firms' expansion plans, and online job advertisements have turned down in recent months.

A net 19% of workers reported a rise in their earnings over the last year, and a net 26% expected an increase over the coming year. While these results aren't out of line with recent history, we note that responses to these questions typically don't see large changes from quarter to quarter.

Only a net 2% of workers expected their jobs to be more secure over the coming year. Confidence was lowest for the older respondents.

### Employment confidence indices by region

	Sep-19	Jun-19
Northland	100.2	120.4
Auckland	101.4	117.6
Waikato	95.0	112.3
Bay of Plenty	106.6	116.1
Gisborne/Hawke's Bay	107.2	118.0
Taranaki/Manawatu-Whanganui	98.5	112.7
Wellington	96.2	114.8
Nelson/Marlborough/West Coast	102.7	110.1
Canterbury	101.1	123.4
Otago	100.2	113.2
Southland	103.3	113.8

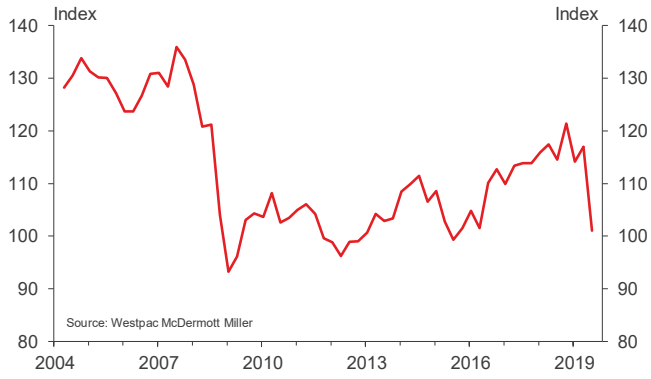
Employment confidence was highest in Gisborne/Hawke's Bay and the Bay of Plenty, with both regions scoring highly on expected earnings. As we've noted in previous reports, these regions also scored relatively well in terms of consumer and regional economic confidence.

Confidence was lowest in the Waikato, Wellington and Taranaki. Concerns about job availability prevailed in each region. The softness in Wellington was particularly notable, as until recently this region had seen a sharp drop in unemployment, and we have been expecting it to benefit further from growth in the public sector.

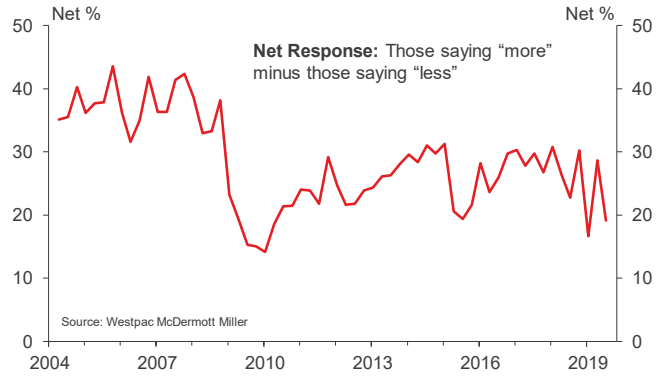
### Survey description.

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 1-12 September 2019. The sample size was 1,554.

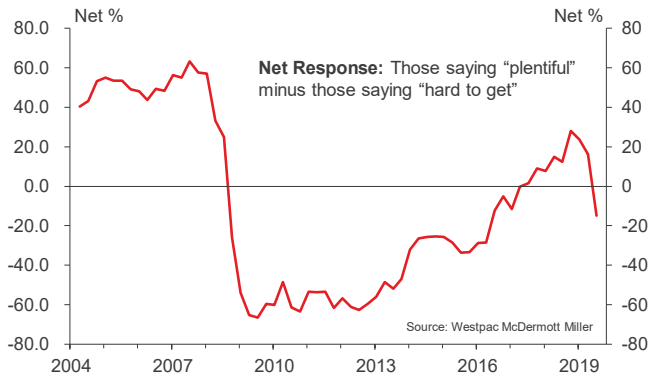
### Employment Confidence Index



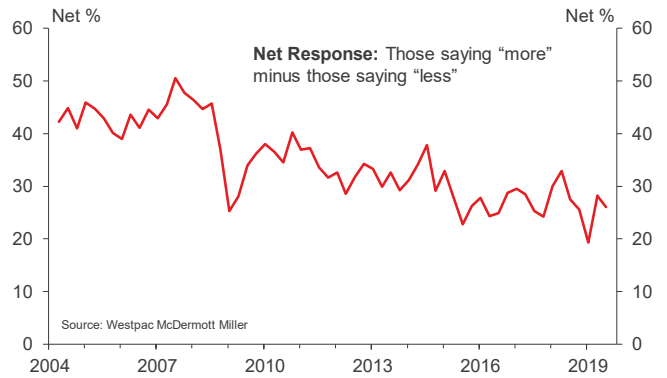
### Earnings in paid work compared to last year



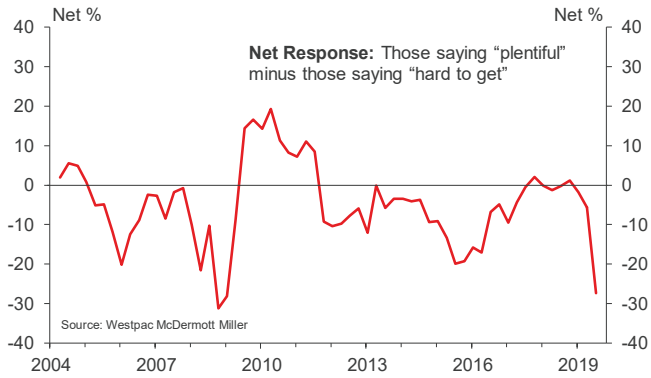
### Do you think jobs are plentiful or hard to get in NZ?



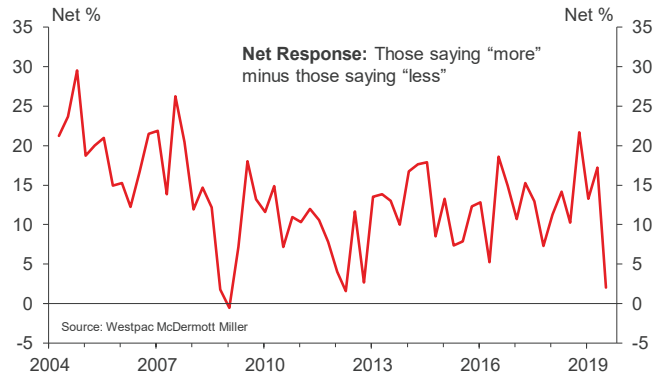
### Earnings in paid work this time next year



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



### Personal job security over the coming year



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