

Westpac McDermott Miller Employment Confidence.

26 March 2021



Employment Confidence Index rose slightly in March.

- The Employment Confidence Index rose 1.9 points to 99.5 in March, building on a strong rebound in December.
- Perceptions about current job opportunities have continued to improve.
- However, the rebound in job openings has been uneven across sectors, raising the risk of skills mismatches.
- Earnings growth improved slightly but remains on the soft side.

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Employment confidence indices

	Mar-21	Dec-20	Change
Employment Confidence Index	99.5	97.6	1.9
Present Conditions Index	90.8	87.2	3.6
Employment Expectations Index	105.3	104.6	0.7
Current job opportunities	-23.1	-29.8	6.7
Expected job opportunities	-12.5	-9.3	-3.2
Past earnings growth	4.8	4.2	0.6
Expected earnings growth	24.4	23.0	1.4
Own job security	3.8	0.0	3.8

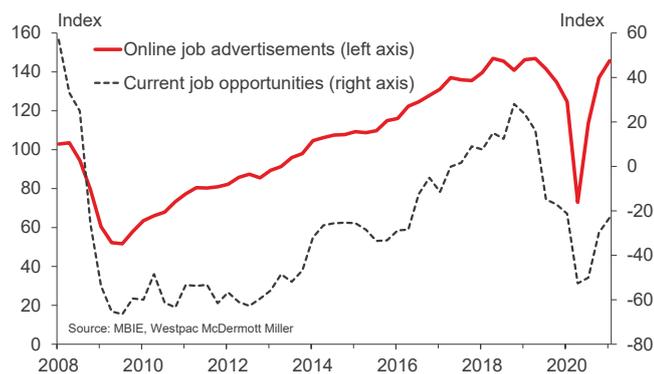
There was a modest rise in the Westpac McDermott Miller Employment Confidence Index in March, following a solid rebound in December last year. There were some lingering concerns around job opportunities over the year ahead, but most of the components of the index were up for the quarter.

New Zealand's economic restart after the Covid-19 lockdown proved to be surprisingly swift. And that was accompanied by a quick rebound in labour market conditions – something that tends to be a laggard during normal economic cycles. That said, the labour market is still some way from pre-Covid levels – unemployment has risen, jobs are harder to find, and the pickup in wage growth that was developing by the end of 2019 has since lost steam.

Households were a little more positive about current job opportunities in the March survey. That's in line with the rapid rebound in jobs advertised online, which are now above year-ago levels. Within that, though, there has been a noticeable shift in the types of jobs being advertised, one that reflects how the impact of Covid has fallen unevenly. Job openings in the trades have soared, while retailing and hospitality are some way behind. That indicates a greater risk of a mismatch between jobseekers' skills and which positions are available.



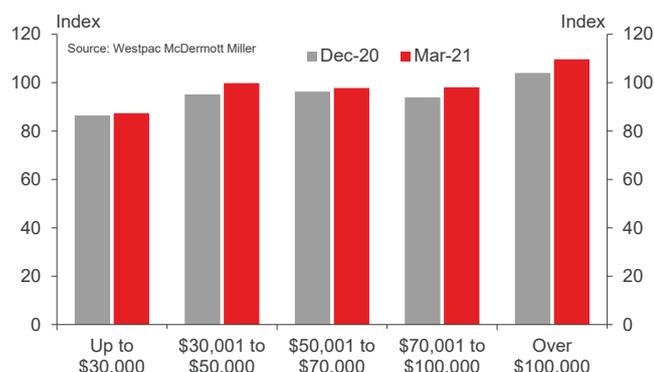
Perceptions of job opportunities and online job ads



Workers reported a small increase in earnings growth over the past year, and were a little more confident about their future earnings and job security. However, the earnings measures remained on the soft side. An unemployment rate of around 5% is a far better outcome than was feared at the height of the Covid shock, but it's still some way above what we'd judge to be a 'tight' labour market.

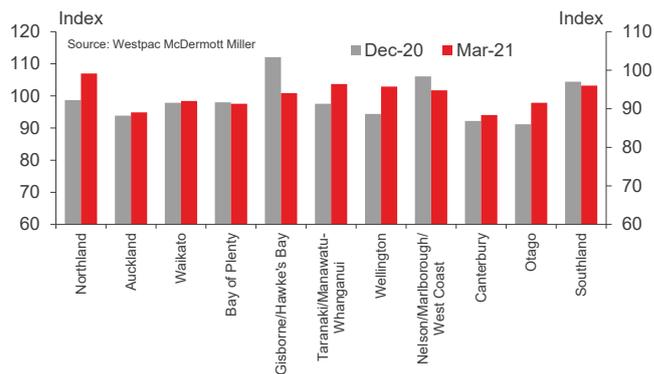
The survey results were fairly similar across age groups, but the rise in confidence was more noticeably skewed towards higher-income earners. Men were more confident compared to last quarter, but women were slightly less confident. The sectors that have been hit hardest by the absence of international tourists this summer – such as hospitality and retail – tend to have a higher proportion of low-income jobs, and a higher share of female workers.

Employment confidence by income bracket



There was no particular pattern to the results by region, with seven recording a rise in confidence and four a decline. The Gisborne/Hawke's Bay region saw a sharp drop, but that was from an unusually high reading in the previous quarter. Part of the survey was held while Auckland was under Covid Alert Level 3 restrictions in early March, which may have driven a small drop in confidence within the Auckland urban area (although the wider region held up better).

Employment confidence by region



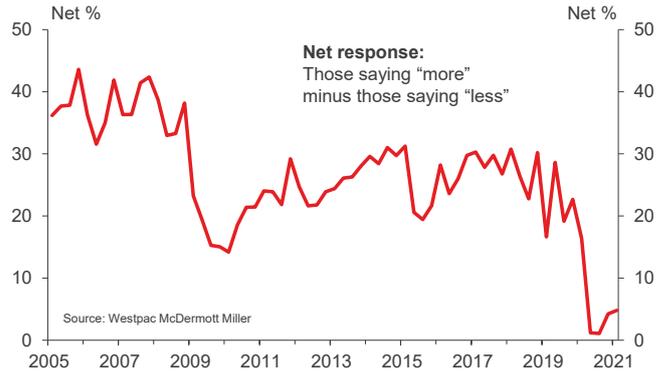
Survey detail.

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 March 2021. The sample size was 1,557.

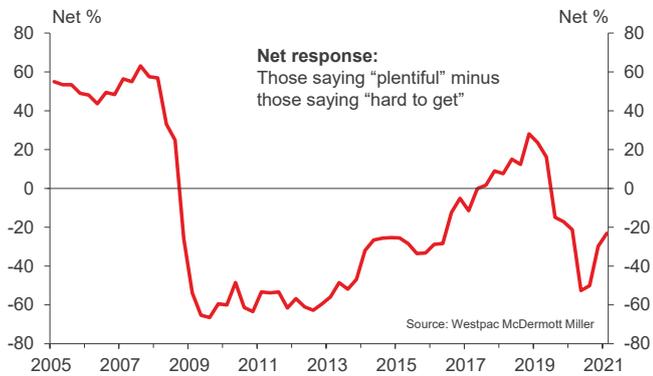
Employment Confidence Index



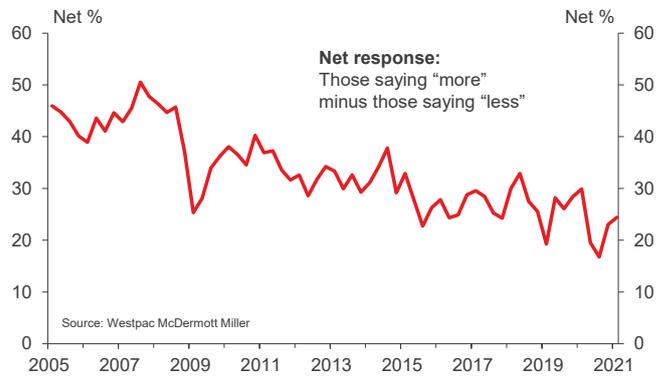
Earnings in paid work compared to last year



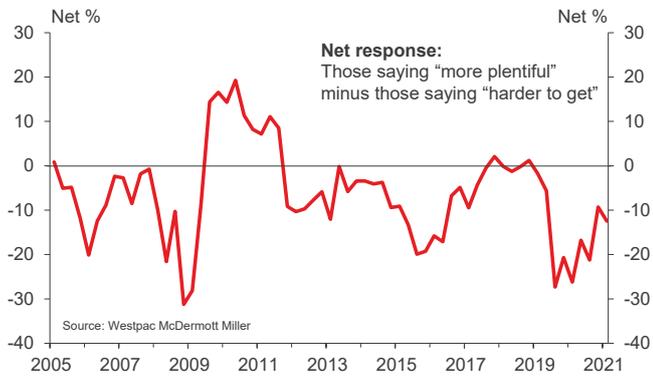
Do you think jobs are plentiful or hard to get in NZ?



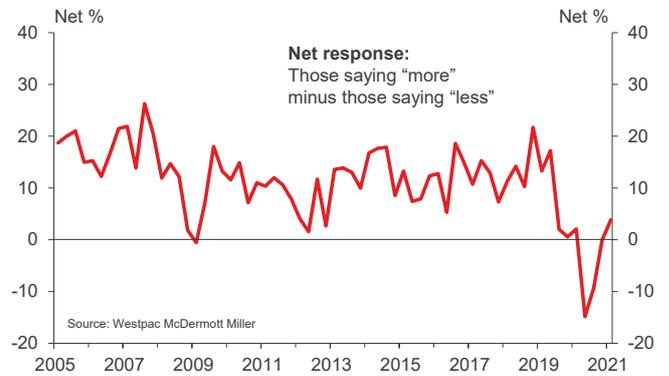
Earnings in paid work this time next year



Job opportunities in NZ in a year's time



Personal job security over the coming year



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