

# From the outside looking in

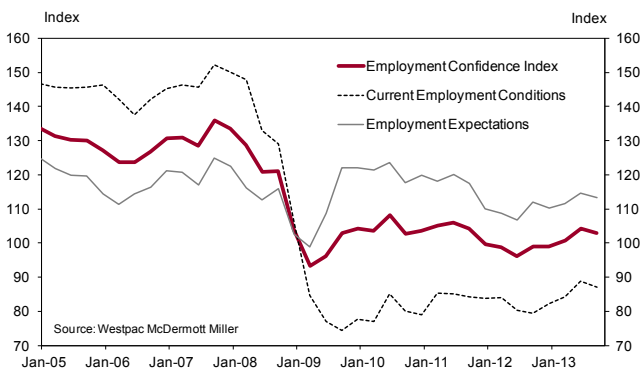
2013Q3 Westpac McDermott Miller Employment Confidence Index: 102.8

- **New Zealanders' employment confidence waned slightly in September, after four quarters of improvement.**
- **Wage growth and job security for existing workers have improved over the last year, but opportunities for jobseekers are still seen to be very weak.**
- **Employment confidence is highest in Canterbury, although the region's outperformance is modest in light of the massive scale of the post-earthquake rebuild.**

## Employment Confidence Indices

	Jun-13	Sep-13	Change
<b>Employment Confidence Index</b>	<b>104.2</b>	<b>102.8</b>	<b>-1.4</b>
<b>Current Employment Conditions Index</b>	<b>88.8</b>	<b>87.2</b>	<b>-1.6</b>
<b>Employment Expectations Index</b>	<b>114.5</b>	<b>113.3</b>	<b>-1.3</b>
Current job opportunities	-48.6	-51.9	-3.3
Expected job opportunities	-0.2	-5.8	-5.7
Past earnings growth	26.1	26.3	0.2
Expected earnings growth	29.9	32.6	2.7
Own job security	13.9	13.0	-0.9

## Employment Confidence Index



The Westpac McDermott Miller Employment Confidence Index fell slightly in the September 2013 quarter, to a mildly optimistic 102.8. While that's still the second-highest reading of the last two years, it underscores the slow and halting pace of improvement in the labour market in the years since the recession ended.

Moreover, the latest results add to the sense that the improvement in labour market conditions is accruing more to those already in work than to those seeking it – wage growth and job security have seen the biggest lifts from their post-recession lows, while job opportunities remain slim. Although business surveys have shown a pick-up in hiring intentions this year, neither job advertisements, nor the official employment figures, nor the Employment Confidence Index suggest that those intentions are turning strongly into action yet.

## 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, whereas the questions about the year ahead are summarised in the Employment Expectations Index.

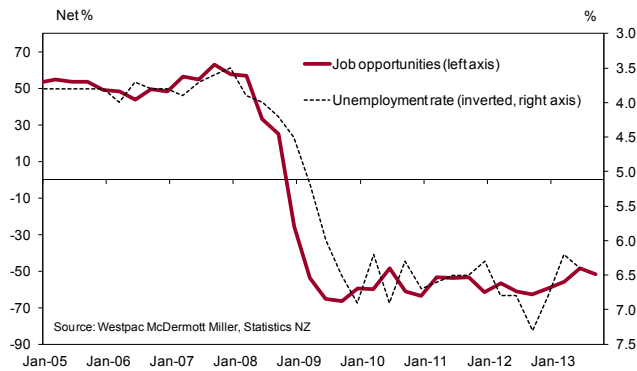
Further details about the individual questions are in the charts on the last page. The survey took place over the period 1-11 September, with a sample size of 1571.

The biggest decline was in current and expected job opportunities, partly reversing a sharp rise in the June quarter survey. In contrast, current and expected earnings growth picked up, while job security eased slightly but remained at a relatively positive level.

- The net percentage of people saying that jobs are easy rather than hard to get fell by three points to -52%, following a seven-point increase in the previous survey. Reported job opportunities have improved modestly in the last year, but they have yet to break out of their post-recession ranges, and the latest reading suggests that the September quarter unemployment rate is unlikely to budge much from its previous reading of 6.4%.
- Expectations for job opportunities over the coming year also fell, reversing about half of their 12-point jump in the previous quarter.
- The net percentage reporting higher earnings rose for the fifth quarter in a row, and was the highest since December 2011. Interestingly, we're yet to see this in the official figures, with the Labour Cost Index showing a slowdown in wage inflation over the last year as actual and expected inflation have declined.

- The net percentage expecting earnings to increase over the next year rose by three points to 33%, largely reversing the previous quarter’s decline.
- Own job security eased slightly in the September quarter, but has been effectively unchanged at a relatively high level over the course of this year.

**Reported job opportunities and unemployment**



**Reported earnings and wage inflation**



**Regional and demographic breakdown**

Employment confidence rose in four regions and fell in seven. There was a sharp rise in confidence in Northland and Southland – previously the two most downbeat regions – bringing both of them back into net optimistic territory. In the case of the latter region it seems reasonable to attribute this to the recent rescue deal for the Tiwai Point aluminium smelter.

The Canterbury region reclaimed the top spot, having been briefly overtaken by the Waikato in the June quarter as drought concerns eased. That said, employment confidence in Canterbury remains well below pre-recession levels, and was not markedly different from the national average in terms of reported wage growth or expected job opportunities.

At the other end of the scale, Wellington is now the most pessimistic region, scoring particularly low on job security and past earnings growth. It’s worth noting that in December 2007, on the eve of the recession, Wellington was the most optimistic region in the country; it’s clear that fiscal restraint since then has weighed heavily on perceptions of the jobs market in the region.

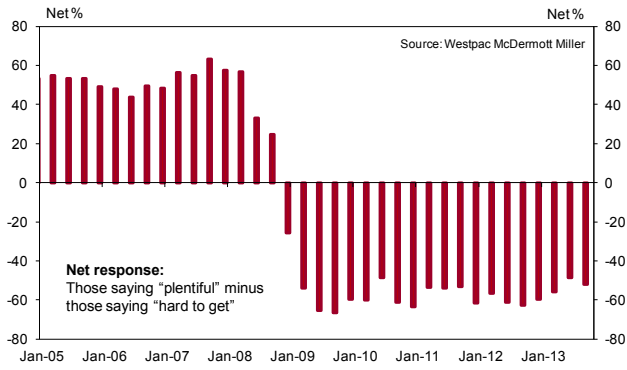
**Employment confidence by region**

	Jun-13	Sep-13	Change
Northland	95.0	104.2	9.2
Auckland	104.0	101.8	-2.2
Waikato	114.2	107.4	-6.8
Bay of Plenty	103.0	100.3	-2.8
Gisborne/Hawkes Bay	99.9	99.1	-0.9
Taranaki/Manawatu	99.8	97.1	-2.7
Wellington	100.0	96.3	-3.8
Nelson/Marlborough/Westland	104.4	107.0	2.6
Canterbury	110.6	113.1	2.6
Otago	102.1	99.0	-3.2
Southland	98.4	105.6	7.2

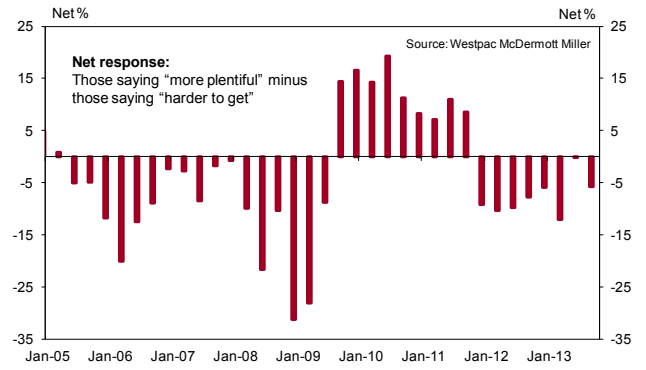
In other breakdowns, employment confidence fell for males but rose for females, led by a strong rise in past and expected earnings growth. There was also a sizeable jump in past earnings for the young and those on lower incomes. All told, these details suggest that the Canterbury rebuild wasn’t a major source of improvement in labour market conditions over the last three months.

**Michael Gordon**  
Senior Economist

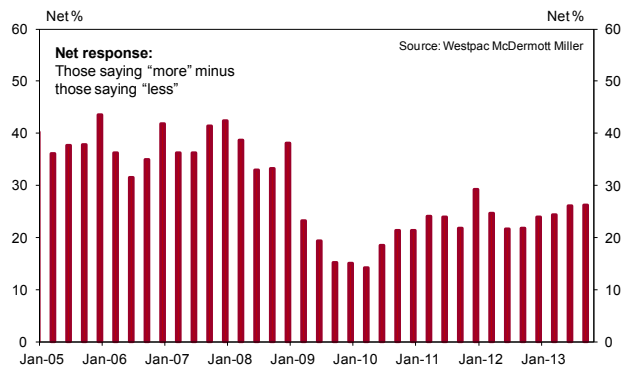
### Do you think jobs are plentiful or hard to get in NZ?



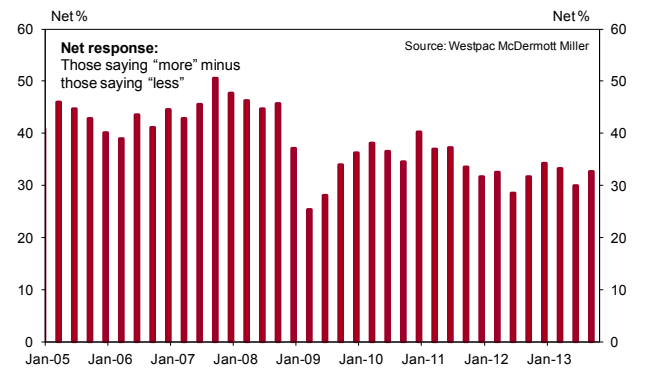
### Job opportunities in NZ in a year's time



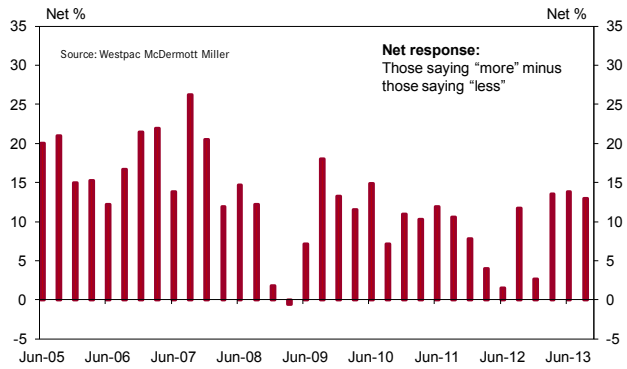
### Earnings in paid work compared to last year



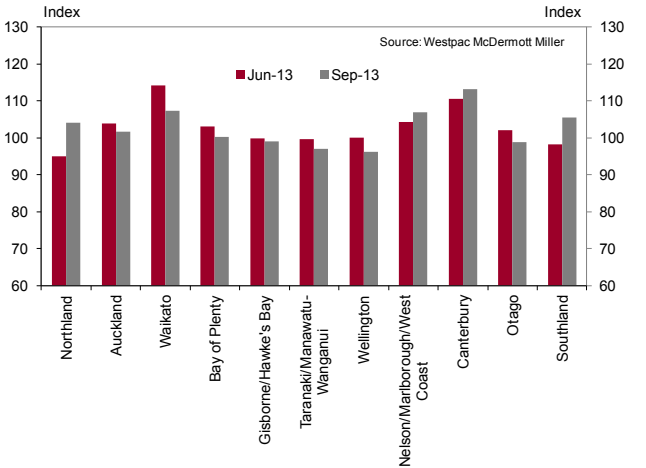
### Earnings in paid work this time next year



### Personal job security over the coming year



### Employment confidence by region



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