



MARKET OVERVIEW – MAY 2016

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ECONOMY SNAPSHOT

Overall, economic results have mirrored what most major forecasters anticipated six months ago. The non-mining related economy continues to perform well and a continued shift towards service related activities, particularly in the eastern states, is helping the labour market. Business confidence has continued to improve, at least when referring to local non-mining conditions. The opposite applies to the global markets and some fear of how this will impact local conditions remains, particularly among those organisations headquartered offshore. The forecast for growth still remains quietly upbeat yet still relatively weak, driven down by declining global terms of trade and low wages growth impacting household discretionary spend.

‘THE MARKET’

The job market over the past three months has declined slightly. Overall the market is hiring new employees -4.0% on average when compared to existing employees. This is a decline of almost 2.0% compared to the end of 2015. Most of that decline has been driven by a significant downturn in hiring rates for executives who are being hired at -4.8%, which is a major shift from the +7.0% at the end of 2015. Management and Professionals have also declined, to be -2.1% and -4.0% respectively, having been flat to market at the end of 2015.

Remuneration sentiment remains slightly in the negative at -1.3%. The overall picture based on current conditions reads better than at the end of 2015 with most organisations indicating that themselves and their peers were operating in conditions that were ‘the same as the last six months’. Projecting forward, again most organisations indicated they anticipated similar conditions, with only a slight increase in those predicting ‘worse’ than the previous six months.

REMUNERATION MARKET

Yearly market movements remain at 3.0% as per the previous six months. Overall the market remains relatively stable, with only a minor shift downward in South Australia and Western Australia. The eastern service focused states continue to pass on 3.0% movements.

The pay barometer shows in the past three months there has been an increase in the amount of organisations passing on ‘at market’ increases, with a relatively even number providing increases above or below. This typically indicates there is neither no upward or downward pressure on the current market number of 3.0% movement.

OVERALL

Bringing all of this together, the picture we have is largely consistent compared to the end of 2015, with a slight softening in hiring conditions for new employees. Overall, the economy remains slightly depressed, driven down by mining related softness but propped by service related activities that continue to grow well.



For more information or queries please contact craig.gannon@mercer.com