

ATTACHMENT – PART II



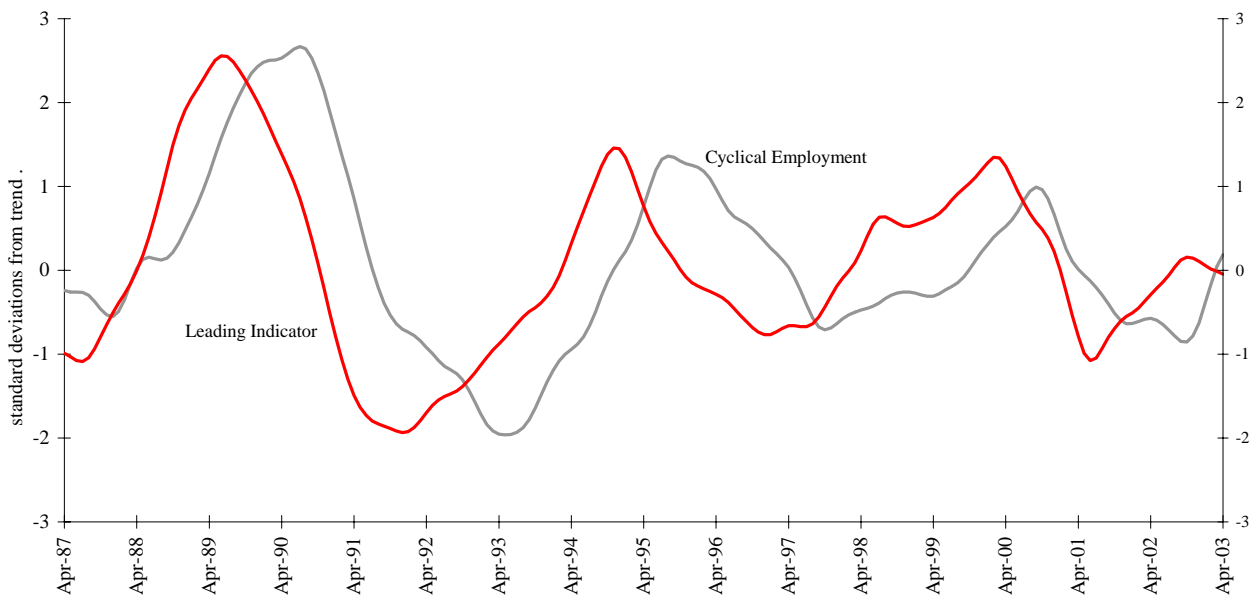
DEWR Leading Indicator of Employment

April 2003

RESULTS

Following sixteen consecutive increases in the series since its trough in June 2001, the Indicator has now fallen for six consecutive months from November 2002. While employment growth is still currently above its long-term trend rate, the confirmation of a turning point in the series points to a softening in employment growth from mid-2003.

Levels of the DEWR Leading Indicator of Employment and Cyclical Employment



- The data used to create the chart above are available in [html format](#) or a [printable version](#) is available in PDF format requiring Acrobat Reader.

VALUE OF THE LEADING INDICATOR OVER THE PAST SIX MONTHS*

	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03
Leading Indicator	0.143	0.105	0.059	0.015	-0.013	-0.045

*standard deviations from the cyclical trend

COMPONENTS OF THE LEADING INDICATOR (SEASONALLY ADJUSTED)

	(percentage change)		
	<u>Yearly</u>	<u>Quarterly</u>	<u>Monthly</u>
New Vehicle Sales (m) – February	3.0%	3.8%	-8.0%
Dwelling Approvals (m) – February	-3.1%	-3.6%	-4.0%
ANZ Newspaper Job Ads (m) – March	6.3%	8.0%	0.4%
Skilled Vacancy Survey (m)– March	-0.4%	-3.9%	-0.8%
ABS Job Vacancies (q) – February	22.2%	14.9%	
GDP (Chain volume) (q) – December 02	3.0%	0.4%	

TECHNICAL NOTES

The DEWR Leading Indicator of employment is the average of the standardised cyclical elements of six series which have been shown to lead cyclical employment consistently over a long period.

The Leading Indicator is designed to give advance warning of turning points in “cyclical employment” (i.e. the deviation of the smoothed level of employment growth from its long-term trend). The average lead time of the Indicator (i.e. the time between a peak or trough in the Indicator and the corresponding peak or trough in cyclical employment) is around eight months, although it has varied significantly over the past decade. A ‘turning point’ in the Indicator is said to be confirmed when there are six consecutive monthly movements in the same direction after the turning point. A fall (or rise) in the Indicator does not necessarily mean that the level of employment will subsequently fall (or rise). Rather, it implies that after a lag, the growth rate of employment may fall below (or rise above) its trend rate of about 2 per cent a year.

RELEASE DETAILS

The DEWR Leading Indicator is available on the Internet at www.workplace.gov.au approximately 2 pm on the day of its release. The next issue of the DEWR Leading Indicator is due for release on Wednesday 7 May 2003.

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