

DECREASE IN EMPLOYMENT CONFIDENCE



It seems as though the employment prospects for 2012 are quite gloomy. Confidence levels seem to be dropping to back in 2009, when the recession was at its worst. At some point, people were becoming optimistic about the employment in years to come. However, it seems that because the economy is making such slow progress, many people are actually pessimistic about the entire situation. The Westpac McDermott Miller employment confidence index has fell by 99.6 point during the month of December. Anything above 100 points shows expansion and only a few areas managed to score above 100 points. Auckland, Canterbury, and Southland remained above the 100 points by the end of 2011. Otago did make a small gain, but that only lead to 96.8 points. During September of the last year, the national index was at 104.2 points, which showed that many people were optimistic and confident in employment. A chief economist, Dominick Stephens, has said that the decrease in employment confidence is not surprising to him. He says, "Employment confidence suggests that households now see the labor market remaining soft for a while yet." The employment conditions index has not had any improvements since March of 2011. Both Westpac and Reserve Bank were forecasting something a bit differently, as they believed unemployment levels would decline and activity would incline, leaving people more confident about the possibilities of employment. Stephens says that the New Zealand Institute of Economic Research will provide a survey of business next week which will help people understand the decisions businesses are making when it comes to the hiring process and finding staff during this period of time. Stephens also believes that some of the latest results are showing a sense of vulnerability for low-income and middle-income households. About 15% of respondents believed that their jobs are not secure, which was up from 3% during the month of September. About 9% of respondents were expecting to earn more during this year, which is actually down by 31% from September. Many New Zealanders do not have high hopes for the security of their job and earnings. They are pessimistic about the economy and with good reason, as it is only making progress at a very slow pace. Stephens says, "On balance, a massive 71% in that group now think jobs are hard to get nationwide, and a net 15% think that things will get even worse." It is quite obvious that the people of New Zealand are unsure of what the future holds in terms of how well the economy will be in a few months from now. However, it seems that many of these people are not feeling optimistic at this point in time about what is to come.

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