



ECONOMIC BULLETIN

Westpac McDermott Miller Employment Confidence, March quarter 2025.



25 Mar 2025 | **Michael Gordon**, Senior Economist | +64 9 336 5670 | +64 21 749 506 | michael.gordon@westpac.co.nz

Jobs remain hard to find

- Employment confidence fell by 3.3 points to 88.3 in the March quarter, keeping it near its post-Covid lows.
- Conditions varied substantially across the country. Most regions reported that jobs were harder to find, but the more farming-intensive regions saw a lift in earnings growth.
- The index shows that labour market conditions remain very subdued in the early part of 2025.
- That said, at current levels it remains consistent with our view that the unemployment rate is likely nearing its peak for the cycle.

Employment confidence indices

	Mar-25	Dec-24	Change
Employment Confidence Index	88.3	91.6	-3.3
Current Employment Conditions Index	75.3	82.8	-7.5
Employment Expectations Index	96.9	97.5	-0.6
Current job opportunities	-51.6	-44.0	-7.6
Expected job opportunities	-19.4	-20.7	1.3
Past earnings growth	2.3	9.5	-7.2
Expected earnings growth	17.5	19.4	-1.9
Own job security	-7.4	-6.3	-1.1

Employment Confidence Index

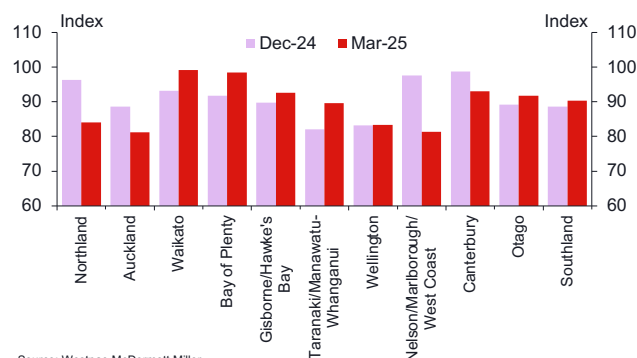


The Westpac-McDermott Miller Employment Confidence Index fell by 3.3 points to 88.3 in the March quarter, giving up the modest gain that it made in the December quarter. The Index remains near the lows that it reached in 2020 in the aftermath of the first Covid lockdown. Confidence was down across most of the survey questions, aside from a small lift in expectations of job opportunities a year from now.

Within the weaker overall result, there was a wide range of responses. Confidence was down in only four out of eleven regions – but one of those four was Auckland,

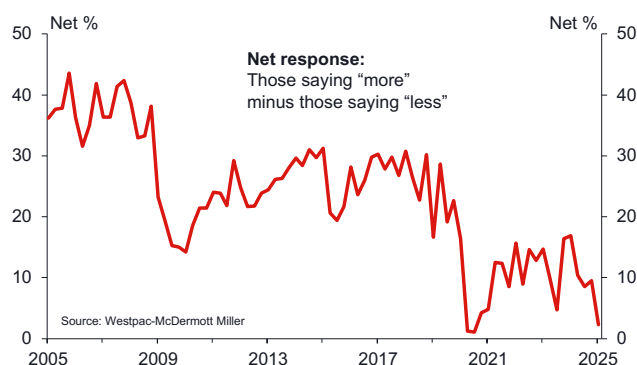
which had the dominant impact on the national average. Confidence was also down in Canterbury, although that result didn't stem from Christchurch but from the wider region. Large job losses from the Smithfield meat processor in Timaru may have been a factor in these responses.

Employment confidence by region



Much of the variation across the regions came from people's reported earnings growth. This measure was down sharply overall, falling back towards its 2020 lows. But there were actually some strong gains in many of the more farming-intensive regions such as the Waikato, Taranaki and Southland (Canterbury was the exception). A record high farmgate milk price for this season (we expect a payment of \$10.30 per kilo of milksolids) and improving export prices for beef and lamb are providing a boost to incomes in these regions. This was more than offset by weaker earnings in urban areas, especially Auckland.

Earnings in paid work compared to last year



Perceptions about the availability of jobs were down across most regions. This measure had picked up a little in the December quarter, but has now given back those gains. That said, the current level is still supportive of our view that the unemployment rate (currently 5.1%) is nearing its peak for this cycle.

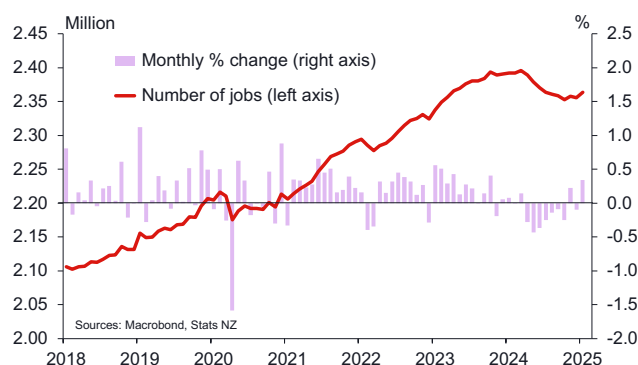
Current job opportunities vs unemployment rate



There were relatively minor movements in the other survey measures. Expected job opportunities in a year's time rose slightly, but remained near their cyclical lows. Expected earnings growth and perceived job security were down marginally.

Overall, the Employment Confidence Index adds to the evidence that conditions in the labour market remain subdued. The Monthly Employment Indicator shows that the number of jobs is stabilising at best, after having fallen heavily through the middle part of last year. (The February results will be released on Friday.) Business confidence surveys have seen a lift in stated hiring intentions, but there's little sign of this translating into more job advertisements yet. Indeed, some businesses have indicated that they held on to staff as the economy cooled, having previously been stung by the difficulty of finding workers through the 2021-2022 boom. As a result, many of them now find themselves overstaffed and are not immediately looking to hire even as demand picks up.

Monthly Employment Indicator filled jobs

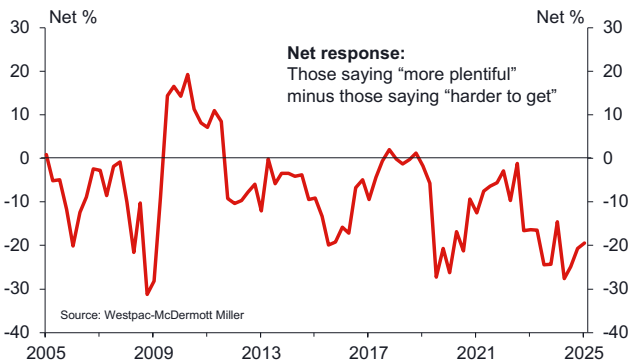


Survey details.

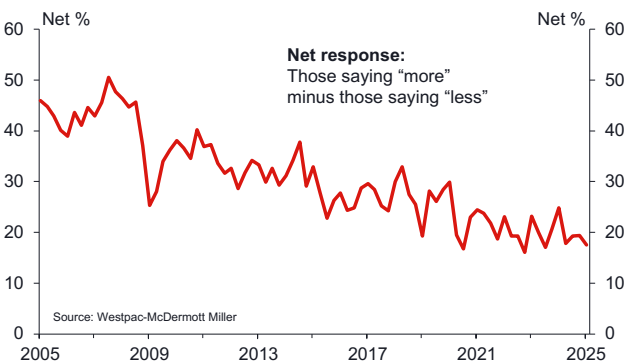
The Westpac-McDermott Miller Employment Confidence Index summarises responses to five questions: households' perceptions of current and future job opportunities in New Zealand, their own actual and expected earnings, and expected changes in their own job security. The questions about current job opportunities and earnings are summarised in

the Current Employment Conditions Index, while the questions about the year ahead are summarised in the Employment Expectations Index. The survey took place over the period 1-12 March 2025.

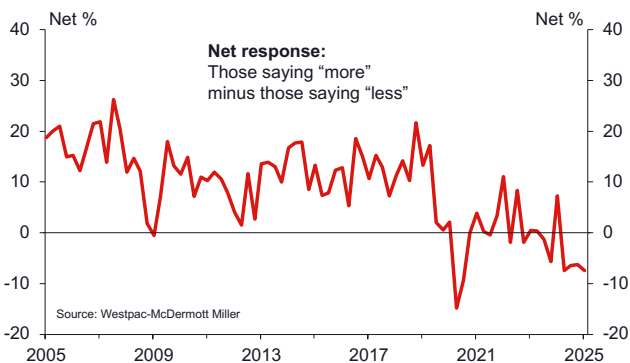
Job opportunities in NZ in a year's time



Earnings in paid work this time next year



Personal job security over the coming year



CONTACT

Westpac Economics Team | westpac.co.nz/economics | economics@westpac.co.nz

Kelly Eckhold, Chief Economist | +64 9 348 9382 | +64 21 786 758 | kelly.eckhold@westpac.co.nz

Satish Ranchhod, Senior Economist | +64 9 336 5668 | +64 21 710 852 | satish.ranchhod@westpac.co.nz

Darren Gibbs, Senior Economist | +64 9 367 3368 | +64 21 794 292 | darren.gibbs@westpac.co.nz

Michael Gordon, Senior Economist | +64 9 336 5670 | +64 21 749 506 | michael.gordon@westpac.co.nz

Paul Clark, Industry Economist | +64 9 336 5656 | +64 21 713 704 | paul.clark@westpac.co.nz

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