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Australia's job outlook strongest in more than six years

Mining & Construction leads the way as Wholesale & Retail Trade continues to lag

ManpowerGroup Employment Outlook Survey: Quarter 1 2018

AUSTRALIA (12 December, 2017) – Australian hiring expectations are the strongest reported in more than six years off the back of a strong labour market Outlook across the Mining & Construction, Finance, Insurance & Real Estate, and Services sectors and the states of New South Wales, Queensland, South Australia and Western Australia. However, the Wholesale & Retail trade sector has failed to match the gains of other sectors while the state of Victoria has recorded a slight decline in expectations year-over-year.

These are the results from the *ManpowerGroup Employment Outlook Survey* for the first quarter of 2018. The resulting national Net Employment Outlook (NEO)¹ is +14%, signaling that more Australian employers expect to increase staffing levels than not heading into the first quarter of the new year. The survey collects data from nearly 59,000 employers in 43 countries, including over 1,500 in Australia.

This strong national result has increased by five percentage points since this time last year. When compared globally, Australia has recorded the strongest year-over-year gain in the Asia Pacific region and the third strongest gain across the 43 surveyed countries.

All states and territories, sectors and organisation sizes have recorded a positive Outlook for Q1 2018. Employers in the Mining & Construction sector report the strongest Outlook +23% as well as the strongest year-over-year gain of 16 percentage points. The healthy Outlook for this sector is also apparent in the states of Queensland (+15%) and Western Australia (+9%), where mining and construction are integral parts of these economies. Both states are in positive territory and have recorded strong gains compared to the same period 12 months ago.

The Services sector has a Net Employment Outlook of +19%, up eight percentage points year-over-year. The Finance, Insurance & Real Estate sector has a Net Employment Outlook of +15%, which is a five percentage point increase in comparison to Q1 2017.

¹ The Net Employment Outlook is calculated by subtracting the percentage of employers anticipating a decrease in hiring activity from the percentage of employers anticipating an increase in employment. Seasonal adjustment is then applied to the data.

ManpowerGroup Australia & New Zealand Managing Director Richard Fischer believes the latest data signals the underlying strength of the Australian economy and shows that all sectors are benefiting from the robust outlook although there are clear variations across the country.

“The employment outlook in Australia is now the strongest reported in more than six years and is showing no signs of slowing down as a rebound in the Mining and Construction sector adds to an already strong outlook in other key sectors such as Finance,” said Mr. Fischer.

Of all states and territories, employers in New South Wales report the strongest NEO at +21%, up nine percentage points quarter-over-quarter and 10 percentage points year-over-year. However, the greatest increases have been recorded in Queensland and Tasmania, both up eleven percentage points since this time last year.

However, not all parts of the Australian economy have recorded such robust Outlooks or year-over-year gains. While the NEO for Wholesale & Retail Trade recorded a small quarter-over-quarter increase of two percentage points, the sector Outlook has remained unchanged when compared to Q1 2017. The Transportation & Utilities sector remains relatively stable year-over-year, but recorded a decline of five percentage points quarter-over-quarter.

“Conditions are most subdued in the Wholesale and Retail Trade sector as well as Transportation and Utilities sectors, but employers in both sectors still expect some payroll gains during the first three months of the year,” explained Mr. Fischer. “In fact, employers in all states and territories, sectors and organisation sizes plan varying levels of workforce growth over the next three months, and this confidence among the more than 1,500 employers surveyed positions Australia well for a strong start to 2018.”

Mr Fischer also said the result signaled that wages pressure would start to build in the economy throughout 2018 and that employers would face a more competitive environment in which to attract and retain the best talent.

“With a low unemployment rate and a strong outlook, the labour market is rapidly approaching the point at which the war for talent will see wages pressure return to the economy. Employers will need to reset their focus in the New Year if they want to attract and retain the very best employees.”

Across the Asia Pacific region the strongest Outlooks are in Taiwan (+25%), Japan (+24%) and India (+22%). In the Americas the strongest Outlook is in the United States with a Net Employment Outlook of +19% while Brazil recorded the largest year-over-year gain of 13 percentage points. The Outlook is less positive across Europe, the Middle East and Africa where most markets have recorded either declining expectations year-over-year or negligible gains. Greece has recorded the strongest gain, up five percentage points since Q1 2017.

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