

KNOW YOUR MARKET HUB

MARKET OVERVIEW – JUNE 2016

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ECONOMY SNAPSHOT

Economic results continue to provide no real surprises for forecasters over the past six months. Overall global growth is expected to continue to meander around the 3% mark, however certain fears of instability remain related to China's slowdown and the impact of a potential Brexit plan. Locally conditions are expected to remain as before, with GDP growth forecast to stay around the 3% mark, declining slightly into 2017/18. Unemployment is expected to remain as current, with the potential for a slight increase in mid 2018.

'THE MARKET'

The job market to June overall improved ever so slightly, with new employees being hired at the same rates as existing employees. This is a slight improvement from last month, increasing to be at 0.3%. The biggest changes occurred at the management and executive career levels who are hiring at +2.8% and 3% respectively. The bulk of the workforce though continues to hire at rates below those of existing staff, with both professional and para-professional roles continuing the pattern of previous months.

Remuneration sentiment has declined to its lowest point since the introduction of the Index by Mercer six months ago. Sliding from -1.3% to currently reside at -6.8%. Interestingly, the driver of this decline comes from how remuneration professionals perceive the broader market hiring conditions, rather than their own, which remained relatively constant to previous months. This indicates to us a general sense of malaise rather than a reflection of actual conditions, particularly when considered in conjunction with the slight improvement in hiring rates over the last month.

REMUNERATION MARKET

Again, yearly market movements remain at 3% as per the previous six months. In general terms, the movement market remains as before, with Western Australia and South Australia recording upward shifts of 0.4% and 0.3% since last month. Queensland and the ACT both recorded a drop of 0.3% since last month. Both NSW and Victoria remain largely the same, only Victoria increasing by 0.1%.

The pay barometer shows in the past three months there has been an increase in the amount of organisations passing on 'below market' increases, indicating a shift worth watching over the next few months. Should this continue we may see a drop in the overall number of 3%. As it stands, this is a noticeable shift as the numbers indicate that almost half of the increases in the last three months have been under the existing market number and should it continue will place a downward pressure on the overall movement number of 3%.

OVERALL

Tying this altogether, we can see some potential storm clouds gathering. While there was improvement in hiring conditions, other metrics combine to paint a less than optimistic long-term forecast. As the economy continues to be growing under long-term rates, continued global insecurity and an election contributing to further uncertainty we anticipate there may be downward shifts in the market movement forecast in the coming months.



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