JULY 2017

LABOURFORCE impex Labour Health

Transport, Logistics & Supply Chain Job Index REPORT

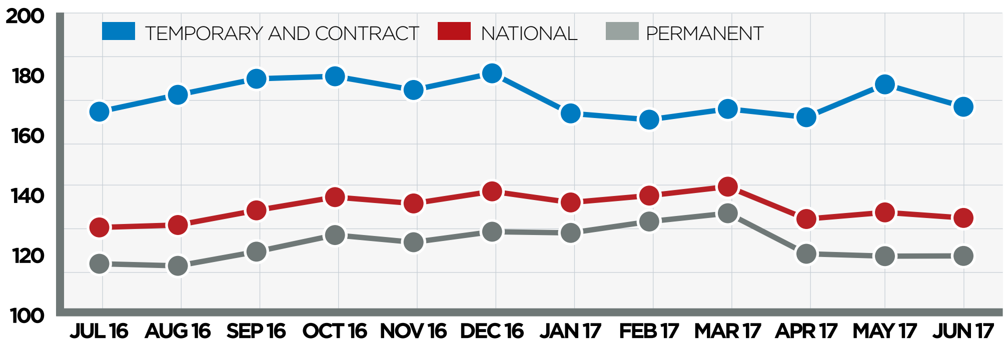
KEY FINDINGS

- In June, the Labourforce / Impex TL&SC Job Index fell 1.4% from 133.34 to 131.49
- The market has fallen 6.3% year to date but historically the second half is always stronger
- The temporary and contract market was particularly subdued falling 4.3%
- Vic/Tas fell 1.2% but it's still up 4.2% year to date, the top performing region
- NSW has been particularly weak. It fell 2% and 10.1% for the first six months of 2017
- Air, Sea and Rail Transport job vacancies rose a further 3.6% the 10th rise in 11 months
- White collar jobs are in short supply. Management fell 4% while Clerical roles retreated 2.9% in June
- Transport and Logistics employers picked up job orders by 0.2%. Job opportunities are actually up 6.9% year to date while other industries struggle
- Mining, Utilities and Construction looks particularly disturbing, down 18.9% year to date
- Retail and Wholesale is also down but the second half of 2017 looks more promising

Job market struggles. Down 6.3% year to date

The TL&SC employment market continues to struggle in 2017, recording a 1.4% fall in job opportunities in June. This wiped out the small recovery seen in May. The Labourforce/Impex Transport Logistics and Supply Chain Job Index fell from 133.34 to 131.49. The market has retreated 6.3% over the year to date.While some of that is undoubtedly the normal seasonal factor the fall is in stark contrast to the broader employment market. Likewise the year on year growth of 3.6% is lower than the national average. What we do know from previous year's data is that the TL&SC market always performs better in the second half of the year. We have no reason to doubt that the trend will not be repeated. In June it was the temporary and contract market that took the hit. It fell 4.3% leaving it down 6.2% year to date. It is however 9% higher than this time last year. While the Index has fallen from the near record high in May the Index is still up at 168.57, strong by any measure. The permanent market was flat in June, rising just 0.1%. It is yet to recover from the big fall in April. Two months ago, we attributed this fall to an Easter slow down but it looks now as if more factors were at play.

CHART 1 NATIONAL INDEX AND JOB TYPE ANALYSIS



Time for job seekers in NSW to look south

On a regional basis the falls in June were widespread. The only state to see growth was Queensland. It grew by 1.3%. This is heartening for job seekers in the state as the year has been very weak so far with job vacancies shrinking 11.7%. Going forward the market still looks vulnerable. Commodity price falls are hurting Mining and Resource employers so employers in other sectors will need to fill that vacuum. The bad news is that both NSW and Victoria contracted in June. NSW has been particularly weak. It fell 2% and 10.1% for the first six months of 2017. It is also the only state to have contracted over 12 months, down 5.4%. There have been issues with some transport companies and the construction industry may be past its peak but this alone would not account for such a decline. The next six months will be crucial to job seekers in the state. Vic/Tas fell 1.2% but it is still up 4.2% year to date. It is also the top performing region with growth of 11.1% over 12 months. May was a new record high and with the seasonal pick up inevitable in the next quarter this is probably just a temporary aberration. The graph provides a breakdown of the proportions of each state and territory.

CHART 2 COMPARISON OF STATE JOB INDICES

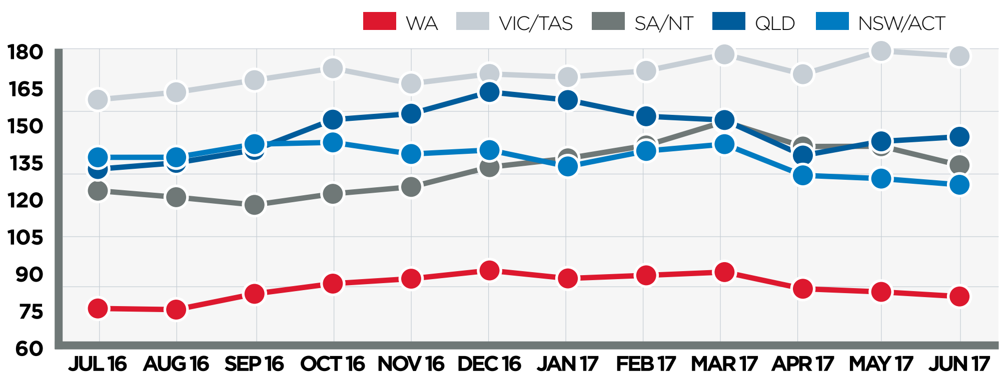
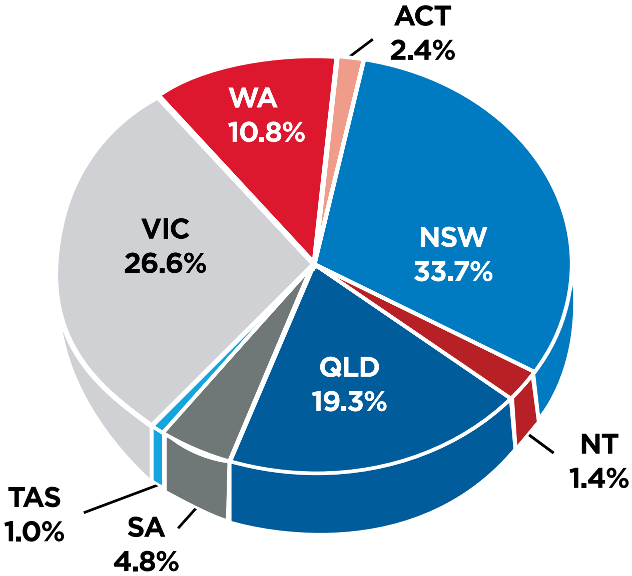


CHART 3
ANALYSIS OF JOB ADVERTISEMENTS BY STATE AND TERRITORY JUNE 2017

Victoria is closing the gap with NSW. The difference is now 7.1%. A year ago, their respective shares were 24.7% and 36.7% a margin of 12%. Any job seekers struggling to find work in NSW would be wise to look south of the border.

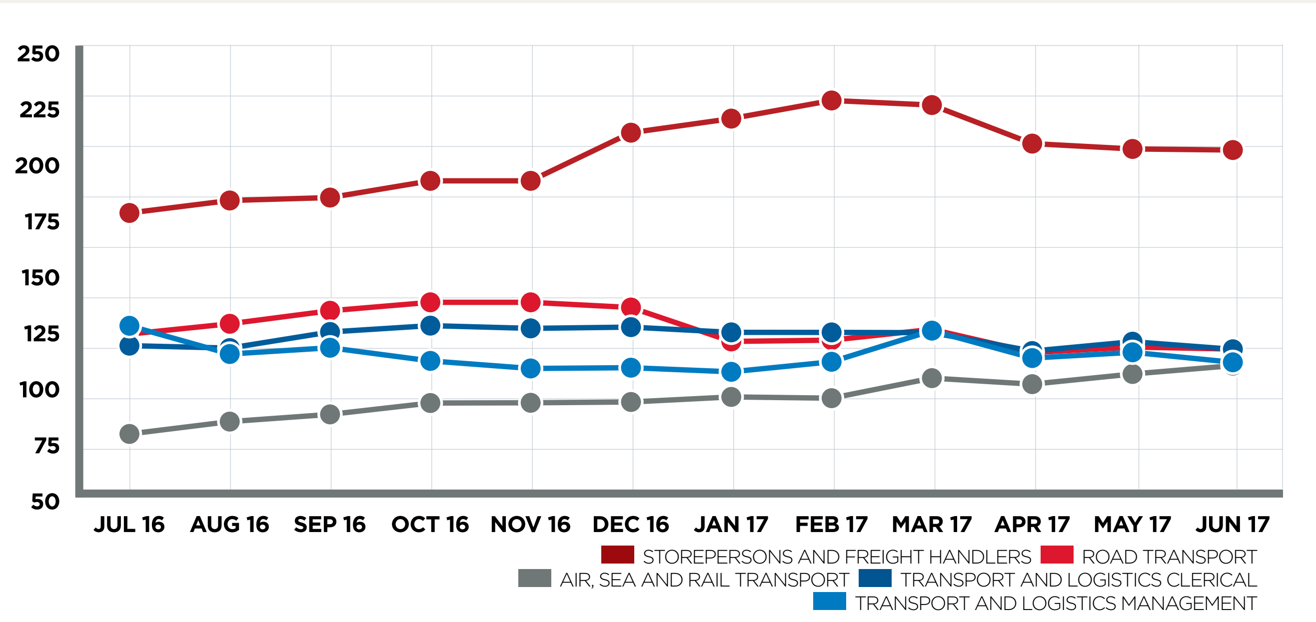


OCCUPATIONAL ANALYSIS

Demand falls across all occupations except air, sea and rail

Demand fell across all TL&SC occupations with the notable exception of Air, Sea and Rail Transport. Demand rose a further 3.6%. In fact, demand has risen in 10 of the past 11 months since it hit a record low of 76.61 last July. The Index is now at 107.11, 25% higher year on year. Closer analysis shows that Air and Sea opportunities are healthy but it is Rail Transport opportunities that have really expanded this year. Storepersons and Freight Handlers remains the highest performing area of specialisation. The Index is on 203.38, still very high, but it has not really recovered from the big fall it experienced in April. This should not be of concern. The annual seasonal trend is very clear. Demand inevitably rises in the second half of the year. The economy may not be that strong but there is sufficient consumer confidence, in the absence of any interest rate rise, to ensure broad demand will continue to rise. White collar TL&SC jobs are in short supply. Management fell 4% while Clerical roles retreated 2.9% in June. The quarterly figures don't look good either. Clerical is down 6.1% but Management is down a whopping 11.5% in just three months. Demand here is less cyclical so we expect these areas to remain tight for the foreseeable future.

CHART 4 ANALYSIS OF JOB ADVERTISEMENTS BY SPECIALIST OCCUPATION



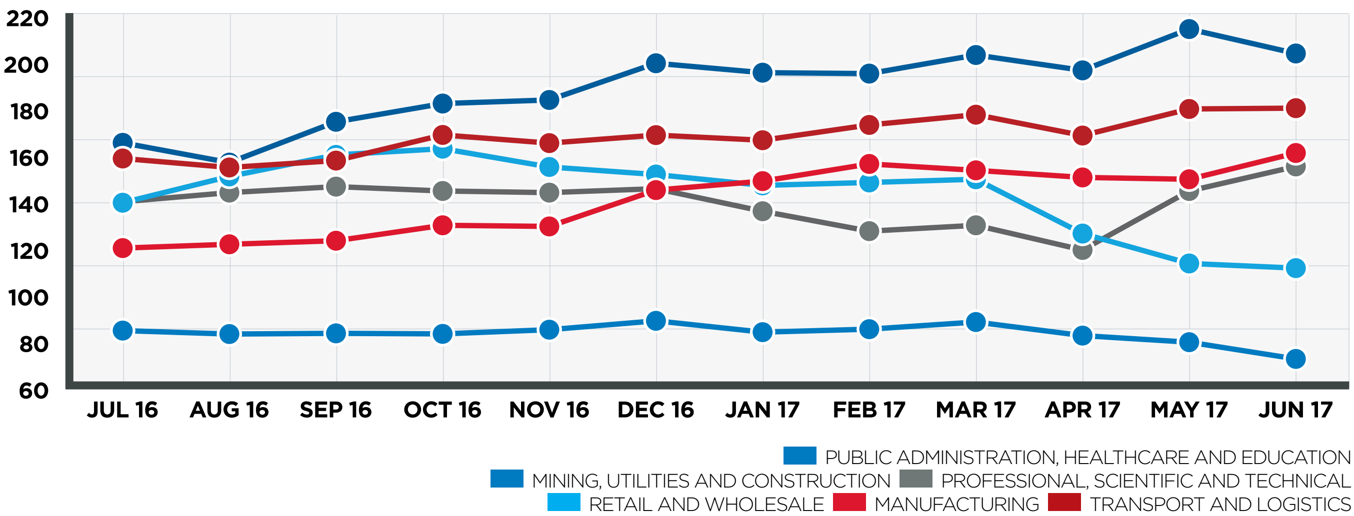
INDUSTRY ANALYSIS

Manufacturing bounces back. Mining & Construction falls fast

There were some surprisingly positive performances in June. Manufacturing demand bounced back 7.6% while Professional, Scientific and Technical employers (admittedly a very small sector) grew by 7.4%. Transport and Logistics employers remained resolute picking up job orders by 0.2%. While this is steady rather than spectacular we are seeing improvement. Job opportunities are actually up 6.9% over the year to date where other industries have struggled.

The job market in Mining, Utilities and Construction looks particularly disturbing. Job opportunities have fallen by 18.7% over six months and the rate of decline is increasing. Depressed commodity prices and some slow down in the residential property construction cycle suggests further weakness is inevitable. Likewise, opportunities in Retail and Wholesale are few and far between. Demand has shrunk considerably in 2017 with the Index sliding 26.7%. The only good news is that June's fall of 1.2% was the smallest so far. Going forward prospects should improve. There are new competitors entering the food and clothing retail markets and some new players expanding their network of stores. Q3 may remain subdued but at least there is the Christmas period to look forward to where demand inevitably rises.The graph provides a breakdown of the proportions of each major industrial sector.

CHART 5 ANALYSIS OF JOB ADVERTISEMENTS BY INDUSTRY



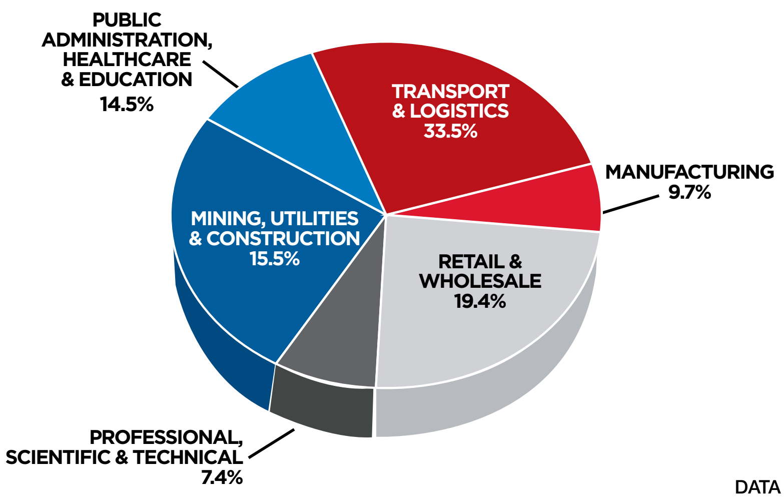


CHART 6 THE PROPORTION OF JOB ADVERTISEMENTS BY INDUSTRY JUNE 2017

The big month for Manufacturing still only took its share to 9.7% of all TL&SC job vacancies. Conversely Mining, Utilities and Construction fell to 15.5%. It was 18.9% just a year ago.