

E.L Index June 2023

Employment Index for Middle Australia

Immediate Release

Executive demand defies economic tremors.

Mortgage cliff likely to have a major effect on spending.

Increased productivity the key to growth.

The E.L. Executive Demand Index shows that demand for Australia's executives is increasing despite the hikes in official interest rates.

The E.L. Executive Demand Index rose 10 per cent in May compared with the prior month, the first rise in three months.

Mr Grant Montgomery, Managing Director of E.L Consult, the executive search firm that researches and publishes the E.L. Executive Demand Index, said: "Executive demand is now lifting as we close in on the end of the financial year.

"It seems that the market that 'middle Australia' is having a renewed upturn," Mr Montgomery said.

"This is despite thousands still unproductively working for home, rising interest rates and continuing international pressures.

"The recent inflation rate figures suggest that the economy is still driving hard and the Reserve Bank has a big task to try and cool continuing and relentless inflation.

"With all sectors rising just before the end of the financial year this is not as good news as it may seem.

"Despite the best efforts of the Reserve Bank the economy is clearly overheated which means more interest rate rises and potentially either a real estate fallout or continuing interest rate hikes.

"The big and mounting issue is the "cliff" when many fixed interest rates come off fixed rate and suddenly face the massive hike in monthly repayments.

"There are nearly 900,000 fixed rate mortgage holders that will come off their fixed rates in the near future. Most will be paying \$1,000 more a month in repayments.

"In May 2021, the average new fixed rate loan for a term of three years or less was 1.95 per cent. Now, the variable rate comparable loan rate for an average mortgage starts at of 6.5 per cent.

"That is a major build-up of pressure in the market.

"Many people will arrive at a position that they cannot afford to keep the monthly payments up and may be forced to sell.



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E.L Executive Demand Index June Report continued

“This will not happen overnight as lenders will be enthusiastic to try and keep owners in their home and avoid foreclosure.

“Also, interest in the Australian property market internationally and from wealthier Australians who don’t need a mortgage will continue to boost the more expensive end of the market.

“The pain is going to be felt in middle Australia on middle Australian properties. It is the silent Australian – many of which are hard-working executives who have families and have taken on significant financial responsibilities – that will hurt in 2023 and into 2024.

“If you take out the top end of town, people are already hurting as these costs take hold on spending as can be seen by falls of over 20 percent in big end retailers like David Jones.

“If executive demand backs off over the long term and unemployment in executive and general ranks increases, I foresee a difficult 2024.

“It is a very careful balancing act to avoid a local recession.

“The biggest short-term saviours are high employment and salary and wage inflation, but the latter two are driven by and driving inflation are false Gods..

“It is only higher productivity across the country that can recession-proof the economy.”

In May most of the regions were higher, with only the ACT lower. Western Australia and Tasmania were the strongest states, rising significantly. New South Wales and Victoria both rose, followed by South Australia and Queensland.

Amid the industry sectors there were widespread gains. The Management sector recorded the largest increase at 13 per cent, followed by Finance and Engineering. Information Technology, which has defied the falls in other sectors over recent months, rose another 9 per cent.

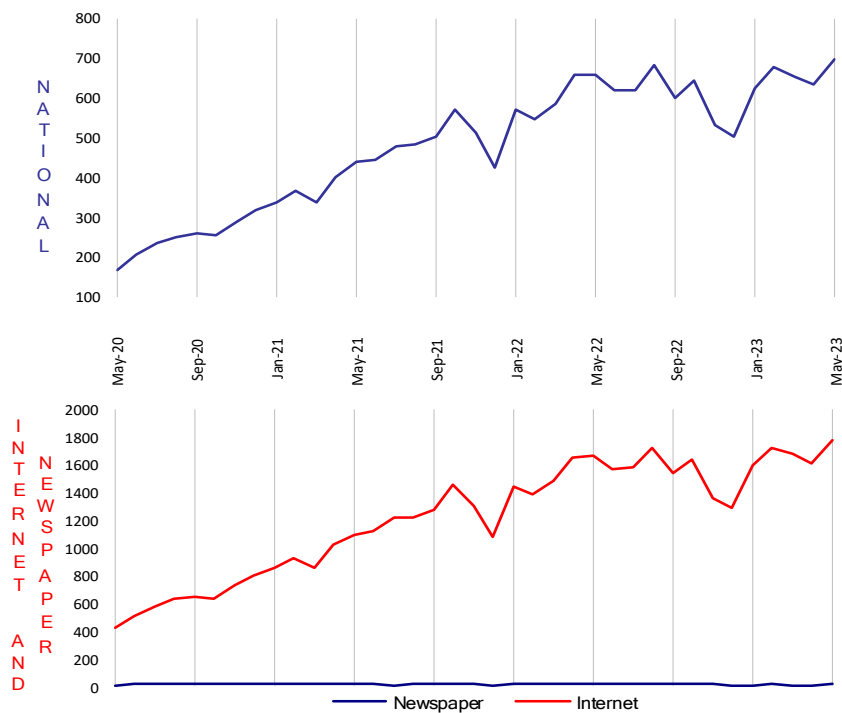
Call Grant Montgomery on +612 9221 6688 or 0414926688 for further details



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|---|------------|
| May 2023 National Index: | 696 |
| Same period last year (May 2022): | 658 |
| Percentage change over last month: | 10% |

National Summary

Australia’s executive demand levels are increasing despite more hikes in official interest rates. The E.L. Executive Demand Index rose 10 per cent in May compared with the prior month, the first rise in three months. Executive demand seems to be getting a lift before the end of the financial year.



The E.L Index compares the current month against a historical base (Newspaper - last quarter 1992, Internet – last quarter 2001) normalised to 100 making comparisons between categories valid.

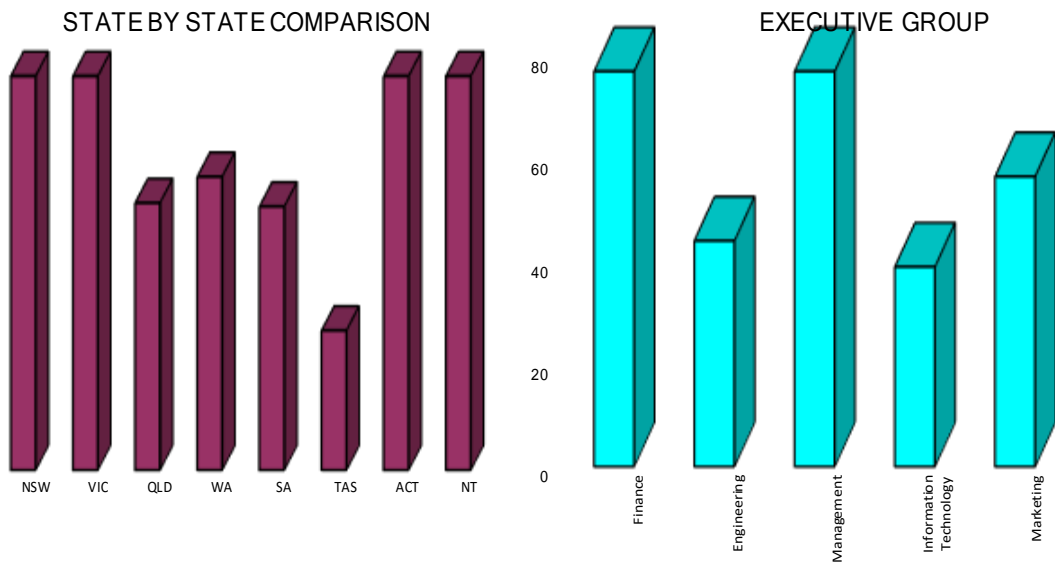


National Demand for Executives over last Seven Years

The three-monthly trend figure is back at its record high despite the falls in March and April.



Graph showing the trend of the E.L National Index (three month moving average).



State

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Executive

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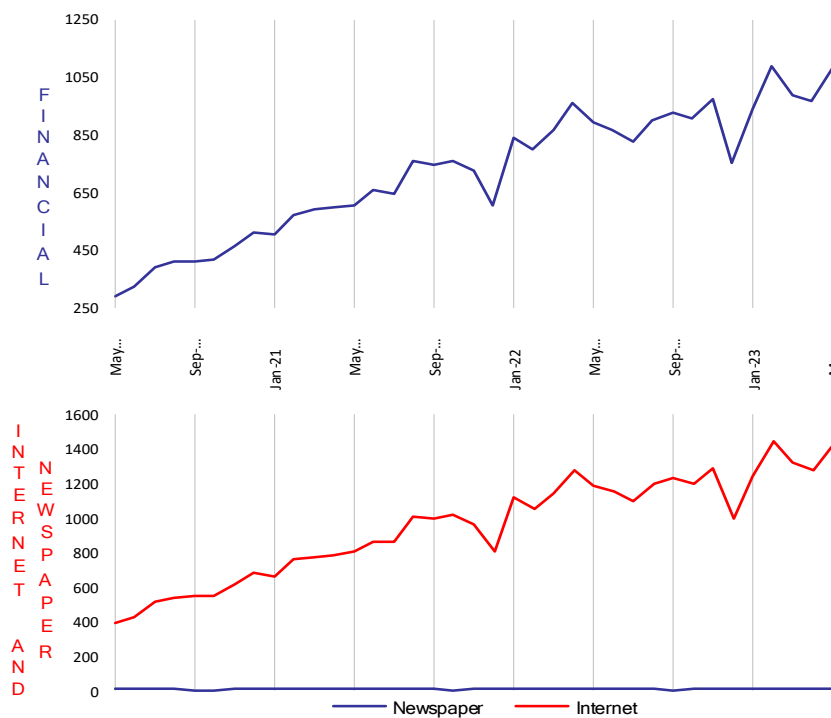


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| May 2023 E.L Finance Index: | 1076 |
| Same period last year (May 2022): | 892 |
| Percentage change over last month: | 12% |

Financial positions were 12 per cent higher for the month and are now back near their record highs.

All states and territories recorded gains, with Victoria, Queensland and the ACT leading the way higher.

The Finance index is getting support from the broadening demands produced by rising rates and the coming end of the financial year.



Demand for financial executives over the last three years

Data input definitions: Any position that requires recognised accounting qualifications includes: Accountant, Administration Manager, Auditor, Finance Controller, Budget Accountant, Chief Financial Officer, Cost Accountant, Divisional Accountant, Financial Accountant, Finance Manager, Management Accountant, Systems Accountant, Treasury Accountant, Treasurer

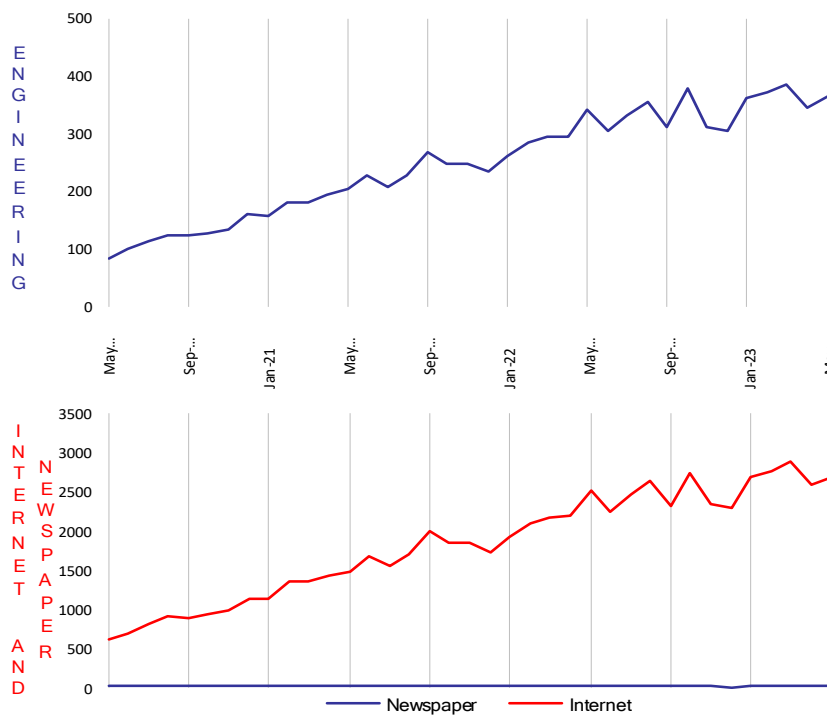


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| May 2023 E.L Engineering Index: | 363 |
| Same period last year (May 2022): | 341 |
| Percentage change over last month: | 6% |

Engineering recorded a 6 per cent increase in the month, giving it the smallest gain out of all the sectors but keeping it on a generally upward trend.

The gains were generally widespread, with only Victoria moving lower. South Australia was the biggest gainer thanks to increases across offline and online advertising.

The Engineering index has so far resisted the pressures that should come about from an increase in interest rates.



Demand for engineering executives over the last three years

Data input definitions: Positions that require an engineering qualification or equivalent. Includes; Engineers: Aeronautical, Chemical, Civil, Consulting, Design, Electrical, Electronic, Environmental, Industrial, Mechanical, Metallurgical, Structural, Telecommunication, Quality, Logistics and Mining. Managers; Project, Production, Purchasing, Construction, R & D, Site, Building, or Manufacturing.

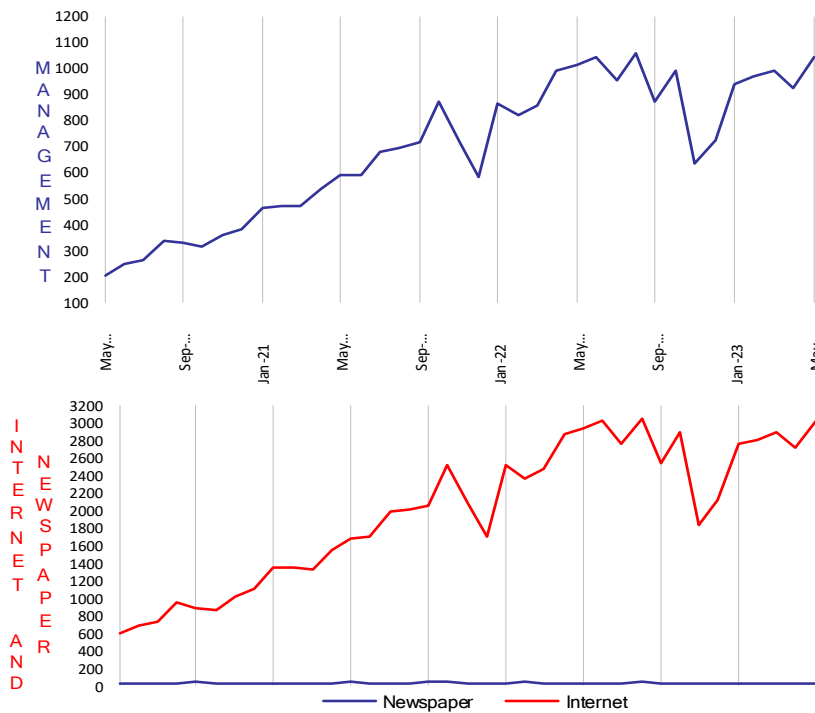


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| May 2023 E.L Management Index: | 1037 |
| Same period last year (May 2022): | 1009 |
| Percentage change over last month: | 13% |

Management returned to its upward track, rising 13 per cent in May compared with the prior month.

There was again a difference between the smaller and larger regions, with the smaller states moving backwards but the larger states of New South Wales and Victoria and Western Australia rising and producing the overall gain.

The E.L Management Index has now recovered fully from the losses it saw in the latter stages of 2022. All types of advertising were higher than in the previous month.



Demand for management executives over the last three years

Data input definitions: Senior management of people and other resources not specifically requiring accounting, engineering, DP or marketing skills. Includes: Chief Executive Officer, Divisional Manager, Executive Director, General Manager, Group General Manager, Managing Director, Retail Manager, Property Manager, Human Resource Manager, Industrial Relations Manager, Economist

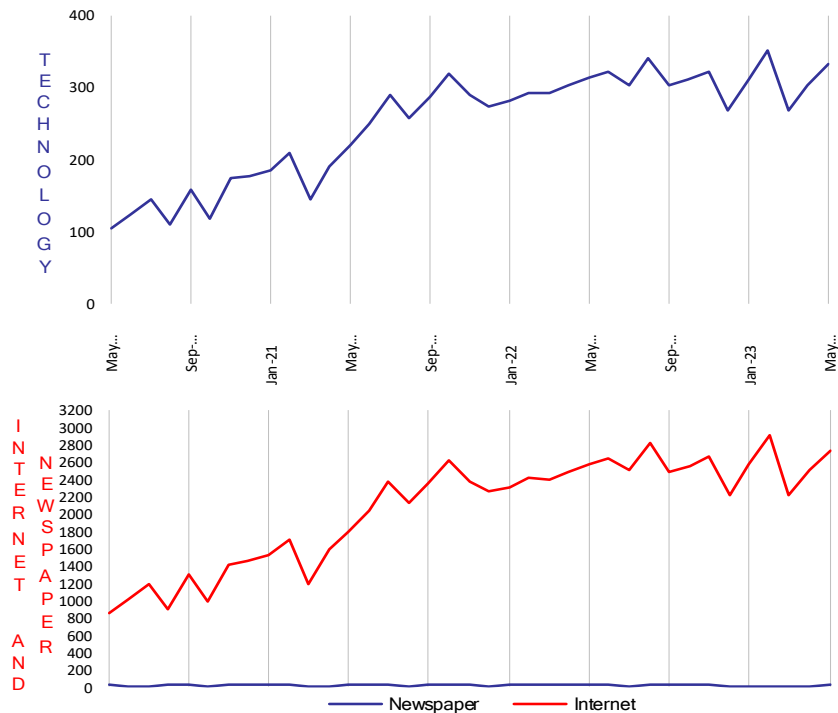


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|---|------------|
| May 2023 E.L Information Technology Index: | 331 |
| Same period last year (May 2022): | 312 |
| Percentage change over last month: | 9% |

Information Technology rose another 9 per cent in May, making two consecutive months of rises when most of the indices are recovering from falls.

Information Technology had a mixed bag during the month, with a rising result from Western Australia and New South Wales allowing the general increase despite falls in some of the smaller states including the ACT.

The volatility of the IT index has now increased, returning to the trading patterns of 2021.



Demand for Information Technology over the last three years

Data input definitions: Any position of which information technology software or hardware management is more than seventy five per cent of the role. Includes: Chief Information Officer, MIS Manager, Network Manager, Software Manager, Systems Architect, Business Systems Analyst, EDP Manager, IS Manager

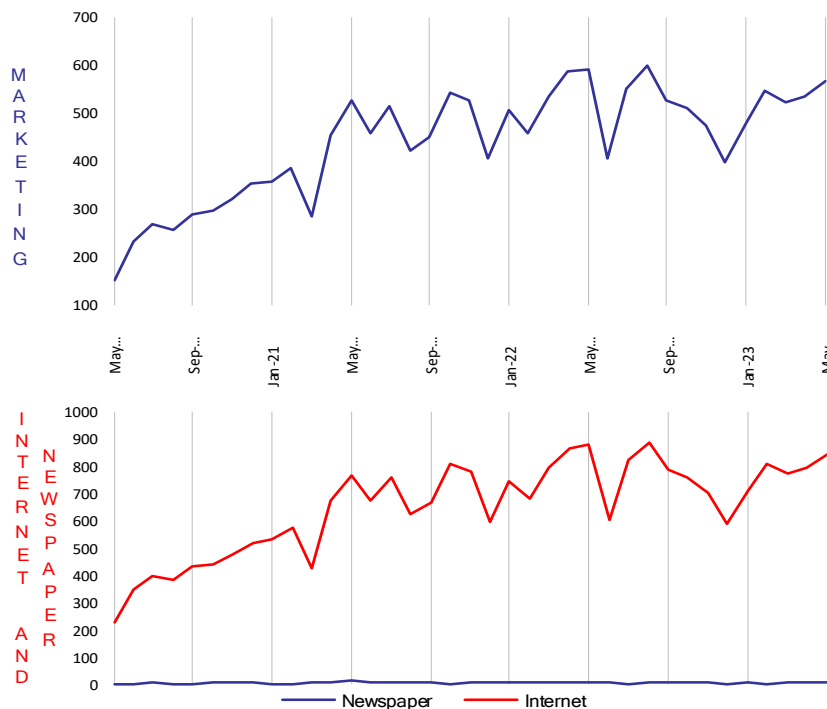


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| May 2023 E.L Marketing Index: | 566 |
| Same period last year (May 2022): | 591 |
| Percentage change over last month: | 6% |

Marketing was one of was one of the few sectors to move up in the past couple of months, gaining 6 per cent compared with the prior month.

Marketing seems to have disconnected from general trends, moving up and down independently from the general Index. It is suggested this index has more of a link to individual companies' results and requirements, rather than more general trends that affect Finance and Engineering.

New South Wales, Victoria and Western Australia moved forward during the month, while Tasmania, the Northern Territory and the ACT were the major negative movers.



Demand for Marketing Executives over the last three years

Data input definitions: Management level sales and marketing roles (*i.e. above salesmen or sales representative level*). Examples Include; Advertising Manager, Account Manager/Executive, Brand Manager, Business Development Manager, Government Relations Manager, Marketing Manager, Media Manager, Product Manager, Public Relations Manager, Public Affairs Manager, Sales Manager, Sales Planner, Sales Trainer, State Sales Manager, Sales Engineer, Territory Manager



About the E.L Index

The E.L Index is a comprehensive monthly analysis of employment trends at executive level. An Australian analysis is produced in Sydney and an Asian analysis in Hong Kong and Singapore.

The E.L Index has shown by two separate University studies to correlate strongly with general economic and business trends. It is featured by most of the major news services and is closely followed by government and central bank analysts.

The E.L Index is actually a combined national index of all executive demand made up of five separate indices; E.L Finance Index, E.L IT Index, E.L Management Index, E.L Marketing Index and the E.L Engineering Index.

The National and specific career group Indexes are shown as relative indexes recording the monthly demand activity for executive positions in the current month against the demand in a historical base period which is normalised to 100. The historical base period used was the average of the last quarter of 1992 which research showed to be the bottom of that downturn.

By averaging to a historical base period, the comparison of, say, June 1994 to June 2000 is meaningful, giving a clean, easily understood appreciation of changing investment and economic trends without seasonal obscurity.

The E.L Index utilises data from both print and internet sources and is the only employment index to do so.

The print data is collected from the major employment paper in each state. National papers are not used to avoid "doubling up". Internet data is not collected off the web sites which can be subject to some error but instead collected through raw data provided by the ISP themselves. Print data has over 15 years of historical data and the internet more than 6 years.

Why Executive Demand is a primarily lead indicator?

It is often claimed that unemployment figures and broad-based job vacancy surveys do not give a fair impression of what is occurring in executive ranks. The E.L Index addresses this and has some interesting correlative and predictive qualities. Such as:

- Employment of management usually precedes the employment of skilled and unskilled workers.
- Employment of engineering executives precedes major capital investment.
- The division between various management sectors gives an indication of which sectors of the economy are experiencing growth or decline.
- Compares month by month changes in the public and private sector as well as monitoring government expenditure patterns.
- Makes regional comparisons after allowing for population differences.
- It shows a 'rate of change' and can therefore be realistically compared to general economic and employment growth unlike some surveys that report absolute numbers.
- Core data is collected on an actual expenditure of business and government, not on a respondent's opinion or confidence level.

