

Economic Analysis

Labour Force November 2023

Employment and Hours Worked

Employment surged by 61.5k in November, significantly exceeding the market expectations of a 11.5k gain. This followed a downwardly revised, but still strong, increase of 42.7k in October (initially estimated at 55.0k).

Employment is 3.2% higher than a year ago and at a new record high.

In contrast to recent months, the November gain was driven mainly by full-time jobs (+57.0k), rather than part-time employment (+10.7k).

Aggregate hours worked were virtually unchanged in November but were 1.6% higher than a year ago.

Australia (Seasonally Adjusted)	Nov ('000)	Oct ('000)	YoY (%)
Total	61.5	42.7	3.2
Full Time	57.0	10.7	2.7
Part Time	4.5	32.0	4.4
Aggregate Hours Worked (%)	0.0	0.4	1.6
Participation Rate (%)	67.2	67.0	-
Unemployment Rate (%)	3.9	3.8	-

Unemployment, Underutilisation and Participation

The unemployment rate increased 0.1ppts to 3.9% (mkt exp. 3.8%). While this is the highest level in 18-months, historically it remains very low. The October estimate was revised up 0.1ppts to 3.8%. The increase in the unemployment rate was driven by a higher participation rate, which reached a new record high of 67.2% in November.

The underemployment rate rose 0.2ppts to 6.5%, which is still depressed by historical standards. The underutilisation rate (which combines unemployment and underemployment) picked up to 10.4%, the highest since February 2022.

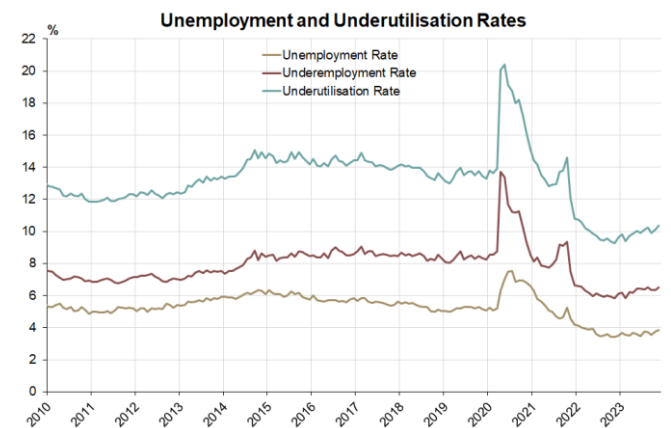
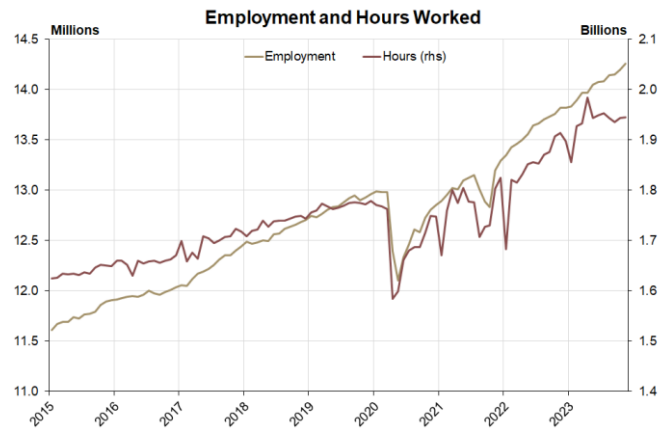
The States

Employment rose in all states except Victoria, which saw a significant gain in the previous month.

Changes in unemployment rates were mixed across states. There were increases in Victoria, Queensland and South Australia, no change in New South Wales, and a fall in Tasmania.

Western Australia was the only mainland state that saw a decline in the unemployment rate in November, as the rise in employment more than offset higher labour force numbers. The participation rate increased 0.3ppts to 69.7%, by far the highest of all the states. Western Australian employment rose by another 12.7k in November, to be 4.7% up YoY, also the most of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	12.7	4.7	3.7
New South Wales	52.8	2.6	3.4
Victoria	-4.8	3.6	4.0
Queensland	29.6	3.5	4.4
South Australia	1.0	3.6	3.9
Tasmania	1.8	-1.3	3.6



Comment

The November labour force survey saw another supersized increase in employment, which was encouragingly driven by full-time jobs.

Outside of the strong headline employment figure, November offered some signs of weakening, albeit still strong labour market conditions. Growth in hours worked continued to stagnate, which is particularly striking given the employment gains. The underutilisation rate, which is the broadest measure of labour market slack, is now the highest in nearly two years, though still low.

Other labour market reports are also pointing to weaker labour market conditions. Job ads continue to fall, while applications per ad are climbing, to be close to the pre-pandemic norm. Despite this, labour market conditions are still tight, which is reflected in a 5.1% YoY increase in the NAB/SEEK advertised salary index.

The ABS conducted its five-yearly re-benchmarking of the labour force series, based on the 2021 census, with the resident civilian population in October 2023 revised up by around 37.2k (0.2%), but advised this change resulted in minimal revisions to the headline measures.

RBA cash rate cut expectations were trimmed a bit following the labour force survey, but a 25bps cut remains fully priced in for the first half of next year.

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