

## Economic Analysis

## Labour Force April 2023

### Employment and Hours Worked

Employment ebbed a seasonally adjusted 4.3k in April. This followed increases in the first three months of the year, including an upwardly adjusted 61.1k surge in March, versus the 53.0k estimated initially.

The slight decline in April was a surprise to the market participants, who expected a 24.5k gain.

Despite the slight decline, employment was still 2.9% higher than a year ago. Employment also rose in trend terms (+24.0k), reaching a new record high of 13,879k.

The April decline was driven by a seasonally adjusted 27.1k drop in full-time employment, which was almost fully offset by a 22.8k increase in part-time employment.

Aggregate hours worked rose a seasonally adjusted 2.6%, from the upwardly revised numbers in the previous month, to be up 7.4% through the year and at a fresh record high.

Australia (Seasonally Adjusted)	Apr ('000)	Mar ('000)	YoY (%)
Total	-4.3	61.1	2.9
Full Time	-27.1	82.5	3.7
Part Time	22.8	-21.4	1.0
Aggregate Hours Worked (%)	2.6	0.3	7.4
Participation Rate (%)	66.7	66.8	-
Unemployment Rate (%)	3.7	3.5	-

### Unemployment, Underutilisation and Participation

The unemployment rate saw an unexpected 0.2ppts increase to 3.7% in seasonally adjusted terms, against no change pencilled in by the market consensus. However, in trend terms, the unemployment rate remained at 3.6%.

The participation rate ebbed by 0.1ppts to 66.7%.

The rise in hours worked was reflected in a 0.1ppts decline in the underemployment rate (the employed who want to work more hours) to 6.1%. The underutilisation rate, which combines unemployment and underemployment, rose 0.1ppts to 9.8%.

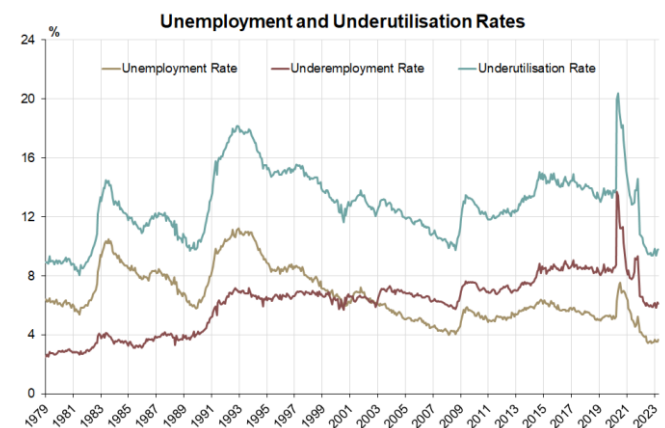
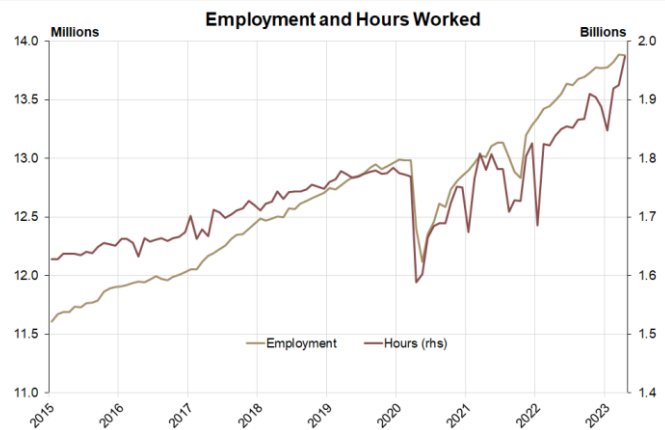
### The States

Western Australia and New South Wales were the only states to record rises in employment in April.

The unemployment rate rose across all mainland states but Queensland, which saw no change in April.

The Western Australian unemployment rate rose 0.2ppts to the still low 3.6%, while the participation rate rose to 69.1% and remained by far the highest of all the states. The 2.2k gain in employment was the third in a row.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	2.2	1.1	3.6
New South Wales	7.4	3.5	3.4
Victoria	-23.9	3.0	3.9
Queensland	-4.3	2.3	3.9
South Australia	-7.0	3.9	4.3
Tasmania	-2.9	4.1	3.9



### Comment

Despite being significantly weaker than expected in terms of the headline numbers, the results of the April labour force survey suggested ongoing strength in the Australian labour market. In addition, the results could have been impacted by technicalities.

First, the April employment data followed two bumper months, with an upward revision to the March data.

Second, in contrast to the previous year, the reference period of the April 2023 labour force survey covered Easter, which could be reflected in a lower estimate of employment in seasonally adjusted terms.

Third, the incoming sample rotation group had a significantly higher unemployment rate than the outgoing groups.

Last, the details of the survey were better than the headline, with a further decline in the underemployment rate and hours worked rising to a new record high. In addition, the headline numbers continued to improve in trend terms. This points to ongoing tightness in the labour market, which is conducive to further strong wages growth. However, we do not expect that this report will change anything in the RBA policy and pencil in no change at the June meeting.

18 MAY 2023

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