

## Economic Analysis

## Labour Force February 2024

### Employment and Hours Worked

Employment surged a seasonally adjusted 116.5k in February, significantly more than the 40.0k pencilled in by the market consensus. The increase in trend terms was more moderated (+26.7k).

The February surge followed a 61.8k drop in December and a modest 15.3k gain in January (revised upwards from the initially estimated 0.5k).

The annual rate of employment growth accelerated to 3.2% in February.

The February surge was broad-based, driven by a 78.2k rise in full-time employment, while part-time employment saw a 38.3k gain.

Aggregate hours worked rose a seasonally adjusted 2.8% but continued to decline in trend terms (-0.2%).

Australia (Seasonally Adjusted)	Feb ('000)	Jan ('000)	YoY (%)
Total	116.5	15.3	3.2
Full Time	78.2	19.9	1.5
Part Time	38.3	-4.6	7.0
Aggregate Hours Worked (%)	2.8	-2.0	0.8
Participation Rate (%)	66.7	66.6	-
Unemployment Rate (%)	3.7	4.1	-

### Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate dropped 0.4ppts to 3.7% as the number of unemployed fell 52.0k, while a 64.5k increase in the labour force pushed the participation rate to a four-month high of 66.7%, from the downwardly revised 66.6% in January.

The underemployment rate slipped back to 6.6%, although it is 0.7ppts higher than a year ago, but still low by historical standards. The underutilisation rate, which combines unemployment and underemployment, dropped 0.5ppts to 10.3%.

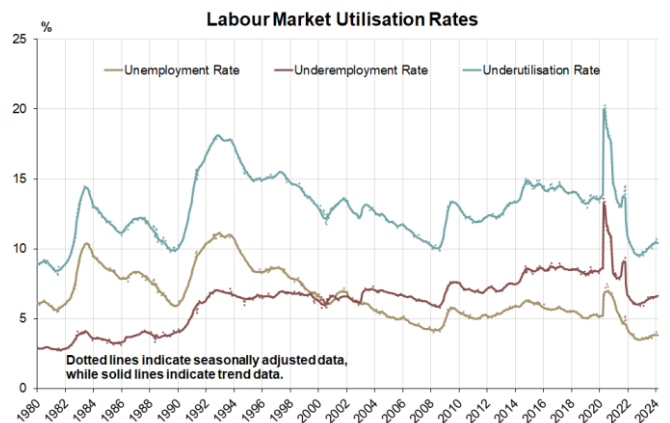
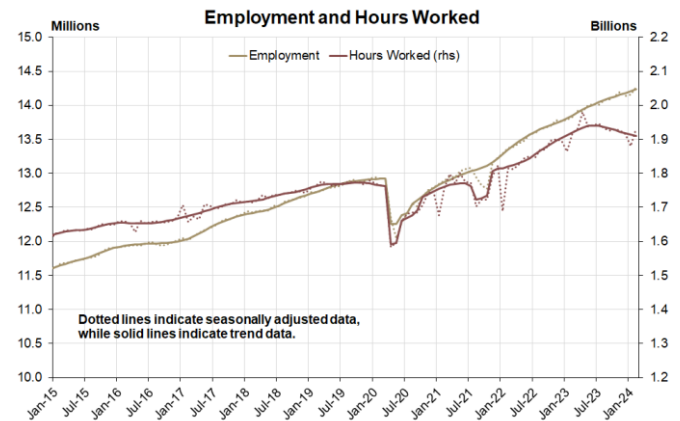
### The States

Employment rose in all mainland states in February, with Western Australia seeing the strongest percentage gain both in monthly (1.7%) and annual terms (4.9%).

Unemployment rates declined in all states, with the strongest 0.8ppts decline in South Australia, followed by Western Australia (-0.7ppts to 3.6%, the second lowest level of all states).

The Western Australian participation rate of 69.3% and employment-to-population ratio of 66.8% remained well and truly above the national averages of 66.7% and 64.2%, respectively.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	26.3	4.9	3.6
New South Wales	28.3	2.1	3.6
Victoria	29.3	3.5	3.9
Queensland	29.0	4.6	3.9
South Australia	11.0	1.7	3.2
Tasmania	-0.2	-1.1	4.5



### Comment

The February labour force survey results surprised on all fronts, even though the Australian Bureau of Statistics highlighted in the January report that many people were waiting to start a job in February.

The strength appears to be partly a reflection of changing seasonal patterns following COVID-19, with even more people than usual taking leave or departing jobs around the Christmas season and returning to employment after the summer break. This changing pattern is yet not fully captured by the current seasonal adjustment methods.

Looking through these temporary disruptions, changes were understandably more muted in trend terms. The trend employment growth of 26.7k, was significantly smaller than the 2021-23 average (38.7k), while trend unemployment and underemployment rates were virtually unchanged and somewhat above their respective troughs from the second half of 2022.

The trend figures, which look through the monthly volatility, provide another piece of evidence that labour market conditions are easing. This is also being signalled by other labour market indicators, such as the various job vacancy reports which are on the decline and the increase in the number of applications per job ad.

21 MARCH 2024

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