

Economic Analysis

Labour Force June 2023

Employment and Hours Worked

Employment rose a seasonally adjusted 32.6k in June, which was significantly more than the 15k pencilled in by the market consensus. This followed the upwardly revised surge of 76.5k (originally 75.9k).

Employment is up 3.0% from a year ago and at a new record high.

The increase in employment in June was due to a 39.3k rise in full-time jobs, partly offset by a 6.7k decline in part-time employment.

Hours worked rose 0.3%, following a 1.9% decline in the previous month and are now up 4.7% through the year.

Australia (Seasonally Adjusted)	Jun ('000)	May ('000)	YoY (%)
Total	32.6	76.5	3.0
Full Time	39.3	62.9	4.0
Part Time	-6.7	13.6	0.7
Aggregate Hours Worked (%)	0.3	-1.9	4.7
Participation Rate (%)	66.8	66.9	-
Unemployment Rate (%)	3.5	3.5	-

Unemployment, Underutilisation and Participation

The unemployment rate remained at 3.5%, with the May figure revised down 0.1ppts. The market consensus was for no change to the previous figure of 3.6%. Looking through the temporary volatilities, the trend unemployment rate remained at 3.5% for the 11th month in a row.

The participation rate ebbed 0.1ppts to 66.8%.

The underemployment rate was steady at 6.4%, which is 0.6ppts higher than the cycle low of 5.8% reached in February.

The underutilisation rate, which combines unemployment and underemployment, ebbed 0.1ppts to 9.9%.

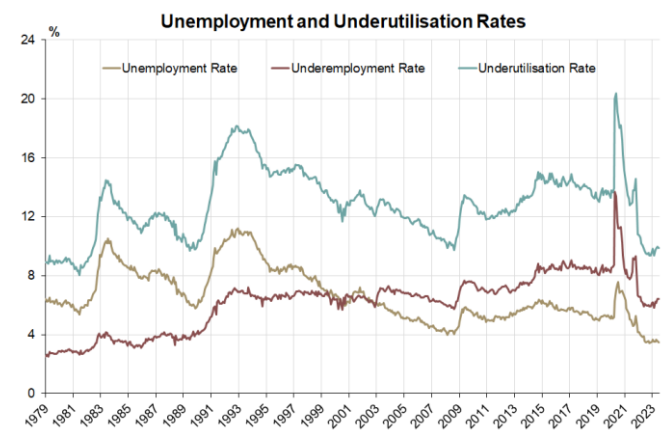
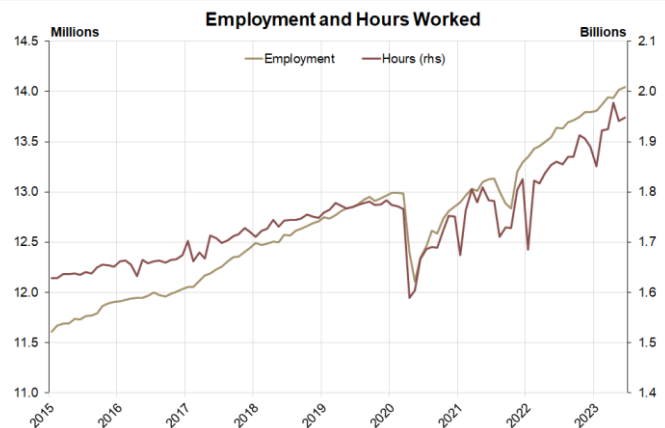
The States

Employment growth was mixed across the states, with gains in New South Wales, Victoria and Queensland being offset by declines in the remainder of the states.

While the unemployment rate declined in Western Australia, New South Wales, Queensland, and Tasmania, it was unchanged in Victoria and rose in South Australia.

Western Australian employment fell by 9.4k in June, while the unemployment rate ebbed 0.1ppts to 3.6%. Despite a decline, the Western Australian participation rate of 68.2%, remained by far the highest of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-9.4	0.8	3.6
New South Wales	16.2	3.3	2.9
Victoria	7.5	3.5	3.7
Queensland	0.9	2.6	3.6
South Australia	-7.2	4.2	4.2
Tasmania	-0.4	2.8	3.5



Comment

June saw another solid labour force report, with a surprisingly strong gain in employment and the unemployment rate remaining low.

The labour market remains very tight. Underemployment and underutilisation rates have picked up from their lows in recent months but are still well below pre-COVID levels.

Data from the Jobs and Skills Commission internet job vacancy data for June suggests that there are roughly 1.8 unemployed per job vacancy. However, the NAB/SEEK report showed a further increase in the number of applications per ad, which could indicate an easing in labour market conditions.

The declining, albeit still very acute, tightness of labour market conditions is reflected in stabilisation in the growth rate of advertised salaries on SEEK. However, advertised salaries growth remains solid at 4.6% YoY.

The solid June labour force survey has increased the probability of a further cash rate increase by the RBA Board at its August meeting. The probability of a 25bps cash rate hike rose back above 50% after the report was released. The other major input into its deliberations will be the Q2 CPI report due for release next Wednesday.

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