

Economic Analysis

Employment and Hours Worked

Seasonally adjusted employment declined 6.6k in March, against market expectations of a 10.0k gain. The supersized February increase was revised slightly upwards to 117.6k against the initially estimated 116.5k.

The annual rate of employment growth declined to 2.4%, the slowest since October 2021.

The March decline in employment was driven by part-time jobs, which dropped by 34.5k. This was partly offset by a 27.9k gain in full-time employment.

Hours worked rose by 0.9%, to be just 1.2% off the record high from April 2023.

Australia (Seasonally Adjusted)	Mar ('000)	Feb ('000)	YoY (%)
Total	-6.6	117.6	2.4
Full Time	27.9	79.4	0.9
Part Time	-34.5	38.2	5.9
Aggregate Hours Worked (%)	0.9	2.9	1.7
Participation Rate (%)	66.6	66.7	-
Unemployment Rate (%)	3.8	3.7	-

Unemployment, Underutilisation and Participation

The unemployment rate ticked up 0.1ppts to 3.8%, slightly lower than the 3.9% pencilled in by the market consensus.

The participation rate ebbed 0.1ppts to 66.6% and the employment to population ratio fell 0.2ppts to 64.0%, though both remain close to record highs.

The rise in hours worked was reflected in a slight decline in the underemployment rate to a three-month low of 6.5%. The underutilisation rate, which combines unemployment and underemployment, remained unchanged at a relatively low 10.3%.

The States

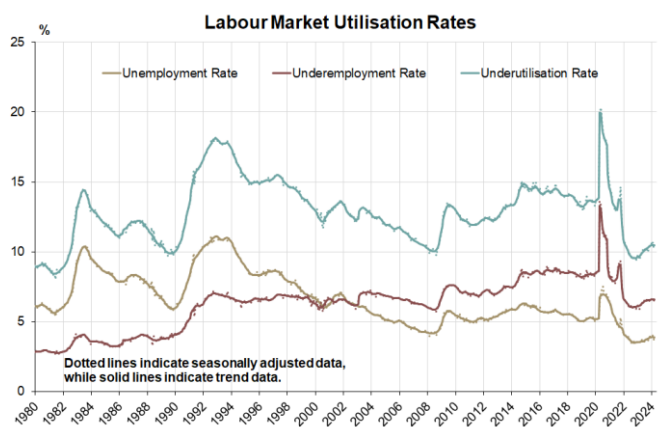
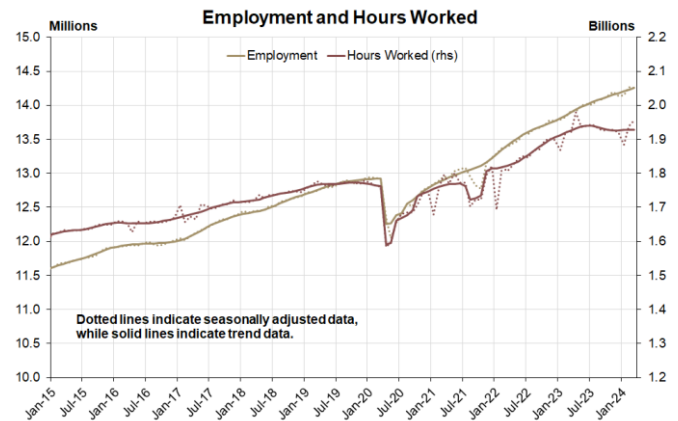
The labour market figures were a hotch-potch at the state level.

All states but Queensland and South Australia saw an increase in employment in March. Meanwhile, the unemployment rate increased in all mainland states, with the notable exception of Western Australia.

Western Australian employment was little changed in March, while the unemployment rate declined by 0.2ppts to 3.4%, which was the lowest level of all states. The Western Australian participation rate of 69.0% remained by far the highest of all the states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	0.7	4.1	3.4
New South Wales	15.7	2.9	3.8
Victoria	5.8	2.3	4.1
Queensland	-10.4	2.8	4.1
South Australia	-9.2	-0.7	3.9
Tasmania	1.6	-2.9	3.8

Labour Force March 2024



Comment

Employment surprised to the downside in March. However, this followed a very strong outcome in February and was solely due to a drop in part-time jobs, while full-time employment saw a solid increase. What is more, most states saw an increase in employment in March.

The month-to-month analysis of labour market data remains challenging due to changes in seasonal patterns following COVID-19, which are not fully captured by the current seasonal adjustment method.

Looking through the monthly volatility, employment continued to climb in trend terms, at quite a solid pace of 28.5k. The trend unemployment rate was unchanged at 3.9% for the fifth straight month.

Labour market performance has been stronger than anticipated by the RBA. According to projections from the February Statement on Monetary Policy, the unemployment rate is forecast to rise to 4.2% by June, which on the current trend looks less likely. The futures market is currently not fully pricing in any cash rate cuts for 2024, with the first cut in the easing cycle now priced in for March 2025.

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