

Labour Force September 2026

Employment and Hours Worked

Employment fell by a seasonally adjusted 39.3k in September, against market expectations of a 20.0k gain. The August increase was revised down to 29.3k from the initial estimate of 39.5k.

The annual rate of employment growth slowed to 1.2%.

The September decline was driven by a 73.7k plunge in part-time employment, following a solid 33.3k gain in the previous month. This was partly offset by a 33.4k increase in full-time employment.

Aggregate hours worked edged up by 0.1% and were 1.3% higher over the year.

Australia (Seasonally Adjusted)	Sep ('000)	Aug ('000)	YoY (%)
Total	-39.3	29.3	1.2
Full Time	34.4	-4.0	1.7
Part Time	-73.7	33.3	-0.1
Aggregate Hours Worked (%)	0.1	0.7	1.3
Participation Rate (%)	66.8	67.0	-
Unemployment Rate (%)	4.7	4.7	-

Unemployment, Underemployment and Participation

The seasonally adjusted unemployment rate was unchanged at 4.7% in September, with the August result revised up by 0.1ppts from 4.6%. The participation rate fell to a four-month low of 66.8%.

The underemployment rate edged up by 0.1ppts to a still-low 6.3%. The underutilisation rate, which combines unemployment and underemployment, rose to 11.0%, its highest level since November 2021.

The States

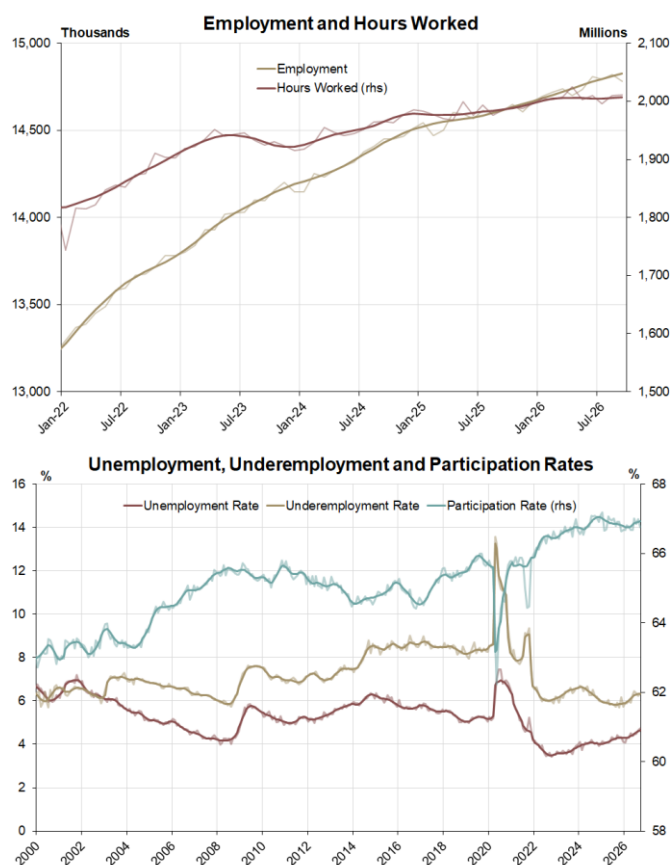
Labour market indicators were mixed across the states in September.

Employment declined in all states except Western Australia and South Australia. The largest decline, of 35.0k, was recorded in New South Wales, while Queensland and Tasmania recorded the smallest declines in absolute terms, at 2.1k each.

Unemployment rates generally declined or were little changed in September. New South Wales was a notable exception, with a 0.4ppts increase to 4.7%. Victoria recorded the highest unemployment rate, at 5.1%.

Western Australian employment surged by 21.7k in September, while the unemployment rate fell by 0.2ppts to 4.2%, the lowest level among all states (on par with South Australia). Western Australia continued to record the highest employment-to-population ratio and participation rate, at 66.2% and 69.1%, respectively.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	21.7	3.7	4.2
New South Wales	-35.0	1.2	4.7
Victoria	-5.2	0.6	5.1
Queensland	-2.1	1.3	4.5
South Australia	2.1	0.5	4.2
Tasmania	-2.1	-3.0	5.0



Comment

The September employment report confirmed a gradual easing in the labour market and was therefore a welcome set of figures for the RBA. In the central bank's assessment, economic and labour market conditions need to soften slightly for inflationary pressures to ease, helping inflation to return to target over time.

Despite this easing, labour market conditions remain sound, as shown by trend figures that smooth month-to-month volatility.

Trend employment growth was steady at 15.7k in September, similar to the pace recorded a year ago, while the trend unemployment rate was unchanged at 4.6%. Although 0.3ppts higher than a year ago, it remains moderate by historical standards. The RBA assesses that an unemployment rate of 4.5-5.0% should be sufficient to contain inflationary pressures.

The September weakness was clearly concentrated in New South Wales. Moreover, the ABS warns that methodological changes could affect the labour force survey results to some extent.

Notwithstanding the above, the September labour force figures were weak enough for expectations of a November cash rate hike to evaporate completely. However, a 25bps hike remains fully priced in for this cycle, although not before May 2027.

15 October 2026