

Economic Analysis

Labour Force March 2023

Employment and Hours Worked

March was another bumper month for the Aussie labour market, with employment surging a seasonally adjusted 53.0k (exp. 20.0k), following a revised 63.6k increase in February (revised from 64.6k).

The rise was again led by full-time employment, which increased 72.2k after a 79.2k increase in February.

The sharp rise in employment over the past two months has pushed up trend employment growth, which looks through the monthly volatility, to 31.7k from the 19.8k reported last month.

Aggregate hours worked fell 0.2%, following a 3.8% rise in February however, this measure can be a bit iffy monthly. The strong annual growth rate of 5.5% a better indicator of labour market strength.

Australia (Seasonally Adjusted)	Mar ('000)	Feb ('000)	YoY (%)
Total	53.0	63.6	3.3
Full Time	72.2	79.2	5.1
Part Time	-19.2	-15.6	-0.8
Aggregate Hours Worked (%)	-0.2	3.8	5.5
Participation Rate (%)	66.7	66.7	-
Unemployment Rate (%)	3.5	3.5	-

Unemployment, Underutilisation and Participation

The unemployment rate was steady at 3.5% in both seasonally adjusted and trend terms.

The seasonally adjusted participation rate was also unchanged at a near record high of 66.7%.

In terms of the broader indicators of labour market capacity, the underemployment rate (the employed who want to work more hours) added 0.4ppts to 6.2%. The underutilisation rate, which combines unemployment and underemployment, rose 0.3ppts to 9.7%.

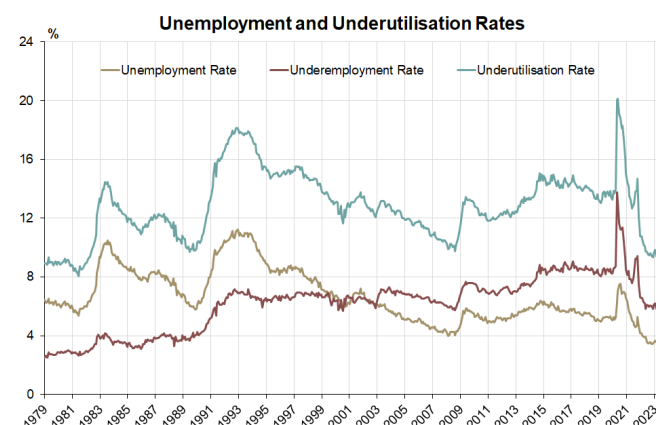
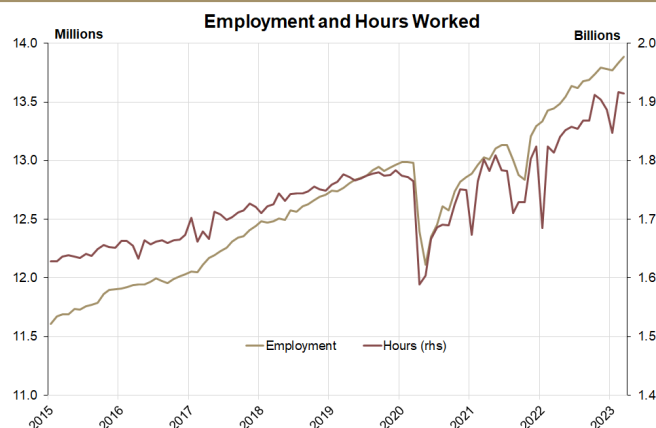
The States

Employment rose across all states, except for a 22.8k fall in New South Wales. Victoria saw another large rise, after contributing the most to the increase in February. The big rise in Queensland followed a large decline the previous month.

New South Wales continues to boast the lowest unemployment rate of the states.

Western Australia has the next lowest state unemployment rate of 3.4%, while the participation rate of 69.1% is the highest of all the states. The employment to population ratio of 66.7% is well above the national average of 64.4%.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	7.6	1.2	3.4
New South Wales	-22.8	3.5	3.3
Victoria	39.2	4.2	3.6
Queensland	25.3	2.1	3.9
South Australia	11.6	4.4	3.7
Tasmania	7.6	4.8	4.0



Comment

Another month, another strong labour market report. Employment is well and truly back on track following back-to-back losses in December and January.

There has been an easing in some of the labour demand indicators in recent months. However, news this morning that Seek job ads appear to be stabilising at a high level, along with the elevated employment component of the NAB business survey report for March released earlier this week, suggest demand for labour remains strong.

Much of this ongoing demand is being met by the sharp increase in population growth. The labour force has risen by 398k over the past 12 months, soaking up much of the 442k increase in total employment. Despite this increase in labour supply, the unemployment rate and underutilisation rate remain at the lowest levels in decades, suggesting that the labour market remains extremely tight.

We expect the sharp pace of RBA interest rate hikes in 2022 and early 2023 to be an increasing drag on the economy as we move further into the year. However, the ongoing strength of the labour market and persistently high inflation suggests further RBA tightening remains very much a possibility for the next few months at least.

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