ECONOMIC INDICATORS

Labour Force October 2025

Employment and Hours Worked

Seasonally adjusted employment surged by 42.2k in October, double the 20.0k expected by the markets.

This followed a downwardly revised 12.8k gain in September (originally: 14.9k).

The annual rate of employment growth re-accelerated 0.3ppts to 1.6%.

The October surge in employment was driven by full-time jobs, which saw a 55.3k gain, while part-time employment fell by 13.1k.

Aggregate hours worked rose by 0.5%, the same as in September, taking the annual growth rate to a four-month high of 2.1%.

Australia (Seasonally Adjusted)	Oct ('000)	Sep ('000)	YoY (%)
Total	42.2	12.8	1.6
Full Time	55.3	6.5	1.7
Part Time	-13.1	6.3	1.4
Aggregate Hours Worked (%)	0.5	0.5	2.1
Participation Rate (%)	67.0	67.0	-
Unemployment Rate (%)	4.3	4.5	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate declined by 0.2ppts to 4.3%, slightly below market expectations (4.4%). This came as the number of unemployed declined by 17.0k, with more unemployed moving into employment than in a typical month of October.

The participation rate remained steady at 67.0%, only slightly below its record high of 67.2% from January.

The underemployment rate fell back to an equal 25-year low of 5.7%. The underemployment rate, which combines unemployment and underemployment, fell back to 10.0%.

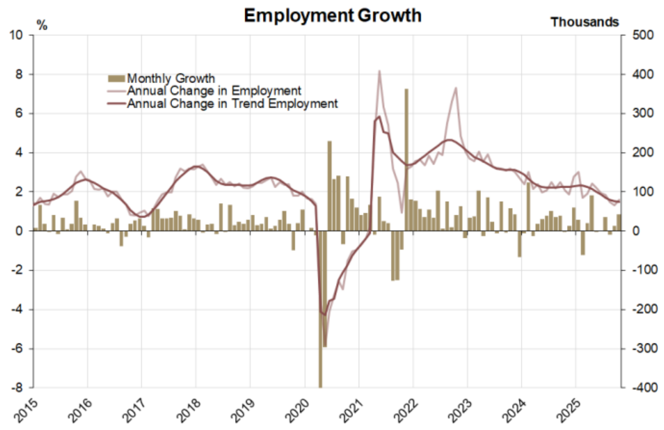
The States

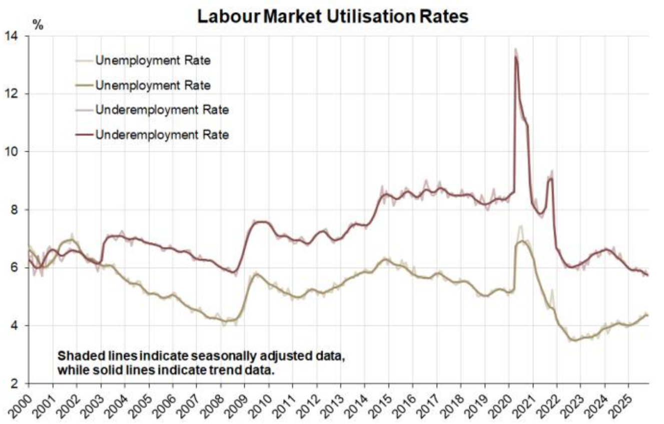
Employment rose in all states in October, with Victoria being the only exception, recording a 6.2k decline. Unemployment rates were either steady or fell across all states.

Western Australian employment picked up by 7.0k or 0.4%, which was the second strongest gain of all states, both in absolute and percentage terms. The employment-to-population ratio edged up by 0.1ppts to 65.6%, by far the highest level of all states.

The Western Australian unemployment rate ebbed by 0.1ppts to 4.1%, the lowest level of all mainland states. The participation rate was steady at 68.5%, which is markedly higher than in all other states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	7.0	1.9	4.1
New South Wales	38.4	1.7	4.3
Victoria	-6.2	1.4	4.7
Queensland	1.1	0.9	4.2
South Australia	0.1	3.2	4.3
Tasmania	0.6	3.0	3.9





Comment

The Australian labour market showed renewed signs of strength in October, with a solid gain in employment and a decline in unemployment. The underemployment rate, which the RBA is tracking closely in this cycle, is back at multidecade lows, one of many signs that labour market conditions remain tight.

The picture is a bit more nuanced when we look through the temporary volatility, the trend unemployment rate was unchanged at 4.4%. This is the rate that the RBA expects to be the peak for this cycle, but it is also very low by historical standards. At the same time, the annual rate of trend employment growth, at 1.5%, is at an equal four-year low.

In its most recent Statement on Monetary Policy, the RBA again assessed the degree of spare capacity in the labour market. Most of the indicators the central bank analysed were on the tight side, but have eased slightly. The central estimates of gaps in unemployment and underutilisation rates were also negative, but are closing.

Following the October labour force survey, cash rate cut expectations, which were already muted, have virtually disappeared. We continue to see the RBA remaining on hold until at least the second quarter of 2026, with an increased possibility that the cash rate has reached its trough for the cycle.

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