

## Economic Analysis

### Employment and Hours Worked

Employment slumped 65.1k in December, reversing most of November's 72.6k increase (originally 61.5k). The market expectation had been for a 15.0k rise.

The annual rate of employment growth slipped 0.4ppts to a still healthy 2.8%.

Full-time employment dropped 106.6k, while part-time employment increased 41.4k.

Aggregate hours worked fell 0.5% in December, with annual growth slowing to 1.2% from 1.5%.

Australia (Seasonally Adjusted)	Dec ('000)	Nov ('000)	YoY (%)
Total	-65.1	72.6	2.8
Full Time	-106.6	57.0	1.1
Part Time	41.4	15.7	6.7
Aggregate Hours Worked (%)	-0.5	-0.2	1.2
Participation Rate (%)	66.8	67.3	-
Unemployment Rate (%)	3.9	3.9	-

### Unemployment, Underutilisation and Participation

The unemployment rate was steady at 3.9% (exp. 3.9%), as the decline in employment was matched by a 65.9k fall in the labour force that pushed the participation rate down to a three-month low of 66.8%, from a record high of 67.3% in November.

The underemployment rate remained at 6.5%, while the underutilisation rate (which combines unemployment and underemployment) remained at 10.4%, the highest since February 2022.

### The States

Seasonally adjusted employment fell in all states, except Tasmania, with New South Wales seeing the biggest absolute fall, however, when population size is considered, South Australia fared the worst.

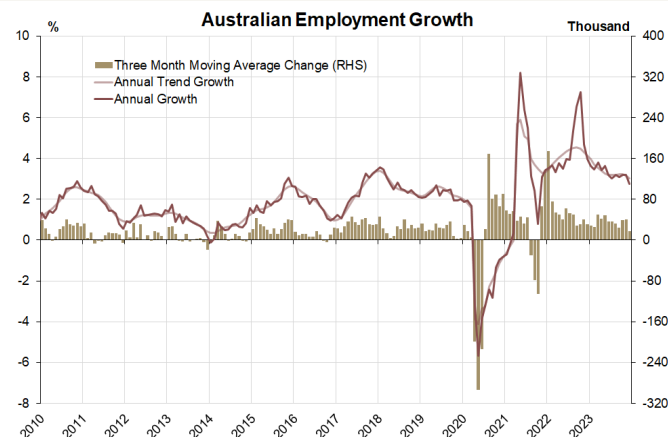
Unemployment rates were steady across most states, though Queensland saw a small fall, while the rate rose 0.2ppts to 3.9% in Western Australia.

Western Australia continues to boast the healthiest state labour market, despite the rise in the unemployment rate. The rate of 3.9% is equal to the national average, despite the participation rate of 69.4% being well above the 66.8% for the nation as a whole.

Western Australia's employment to population ratio of 66.7% is well above the national average of 64.2%.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-5.7	3.5	3.9
New South Wales	-35.4	2.0	3.4
Victoria	-9.6	3.5	4.0
Queensland	-4.1	3.4	4.3
South Australia	-12.4	1.7	3.9
Tasmania	1.7	0.3	3.6

## Labour Force December 2023



### Comment

It doesn't need to be said this was a surprisingly big fall in employment, particularly as it centred around full-time employment, and pushed the number of those people classified as working full time to the lowest level since February. This has been reflected in the decline in hours worked, which have fallen in four of the past five months, to be at the lowest level since January last year.

However, the labour market numbers have been unusually choppy, even for a series known for its volatility. The trend employment estimate, which looks through the monthly volatility, suggests that while employment growth is slowing, underlying growth was around 19k in December and the trend unemployment rate was steady at a low 3.8%.

The SEEK job ads report, was yet another job ads report suggesting labour demand stabilised toward the end of 2023, following some sharp falls in advertised vacancies in previous months. Job ads rose 0.5% in December. While this was down 33% from the May 2022 peak, they were still 13% above the December 2019 level.

Despite the big employment miss, the labour force report had no real impact on cash rate expectations.

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