

Labour Force August 2025

Employment and Hours Worked

Seasonally adjusted employment declined by 5.4k in August, which was a surprise to market participants, who were expecting a gain of 21.0k.

The annual rate of employment growth decelerated to 1.5%, the slowest pace since October 2021.

The decline in employment in August was caused by a 40.9k plunge in full-time jobs, while part-time employment rose by 35.5k.

The decline in full-time jobs translated into a 0.4% fall in hours worked, which nonetheless remained 1.0% up through the year.

Trend employment rose by 18.1k in August (up 1.7% YoY), while trend hours worked picked up by 0.1% MoM and 1.7% YoY.

Australia (Seasonally Adjusted)	Aug ('000)	Jul ('000)	YoY (%)
Total	-5.4	26.5	1.5
Full Time	-40.9	63.6	1.3
Part Time	35.5	-37.1	1.9
Aggregate Hours Worked (%)	-0.4	0.3	1.0
Participation Rate (%)	66.8	67.0	-
Unemployment Rate (%)	4.2	4.2	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate held steady at 4.2%, in line with expectations. However, this was solely due to a decline in the labour force, driven not just by lower employment but also by a 0.9k decline in unemployment. Looking through month-to-month volatilities, the trend unemployment rate ticked up by 0.1ppts to 4.3%, a level unseen since December 2021.

The seasonally adjusted participation rate declined by 0.2ppts to a five-month low of 66.8%. The trend participation rate held steady at a one-year low of 66.9%.

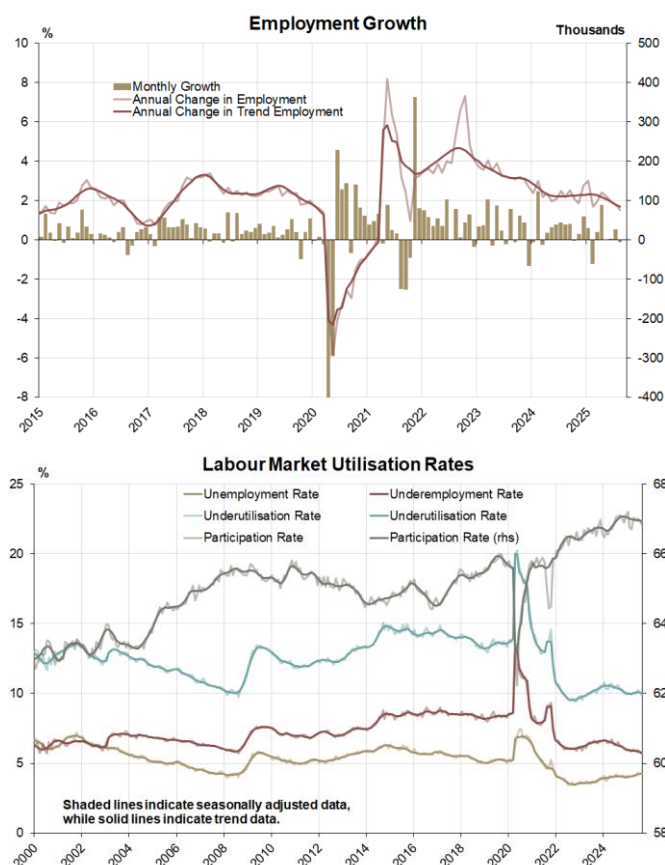
The seasonally adjusted underemployment rate, in turn, declined by 0.1ppts to 5.7%, the lowest level since May 1991. The underemployment rate remained unchanged at an equal 17-year low of 5.8%.

The States

Employment managed to climb in Victoria, South Australia, and Tasmania, while other states saw declines. Unemployment rates declined in Victoria, Western Australia, and Tasmania, but rose elsewhere.

Despite a 15.4k decline in August, Western Australian employment remained 1.2% up through the year, while the employment-to-population ratio – at 65.3% – was still the highest nationwide. In addition, the unemployment rate declined by 0.3ppts to 3.8%, the lowest of all mainland states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-15.4	1.2	3.8
New South Wales	-42.2	0.5	4.2
Victoria	32.4	2.1	4.4
Queensland	-3.6	1.7	4.4
South Australia	1.4	3.7	4.9
Tasmania	1.8	2.9	3.2



Comment

The August employment report showed renewed signs of emerging softness in the Australian labour market. The easing is increasingly evident in trend terms as well, though there are still pockets of strength, such as the very low underemployment rate.

However, the softness is increasingly evident in reports other than labour force survey. For instance, according to the latest SEEK report, the number of applications per ad remains close to its record high, allowing for a deceleration in the growth of advertised salaries. The SEEK advertised salary index rose by just 3.3% over the year to July, the least since mid-2021.

A separate report issued today by the ABS showed that annual population growth decelerated further to 1.6% in Q1 2025, the lowest rate since mid-2022. The slower population growth could partly explain the decreasing dynamism in the labour market.

The disappointing labour force survey did not lead to any significant changes in market cash rate expectations today, and the Australian dollar depreciated only a little. This is because the gradual softening in labour market conditions was already signalled by the RBA, including after the latest meeting in August. Cash rate futures still imply that the next 25bps cut will be in November, with a terminal rate of around 3.10% in Q2 2026.

18 September 2025