

Economic Analysis

Labour Force September 2022

Employment and Hours Worked

Employment rose a seasonally adjusted 0.9k in September, much less than the 25.0k expected by the markets. This followed the upwardly revised increase of 36.3k in August.

Despite this disappointment, employment is up 5.4% through the year and at a new record high. The trend growth estimate, which looks through the monthly volatility, has been reinstated and was 15.4k in the month.

The slight increase in employment resulted from a 13.3k gain in full-time jobs almost fully offset by a 12.4k decline in part-time jobs.

Aggregate hours worked were broadly unchanged in the month but were up by a solid 7.1% over the year. According to the ABS, the stagnation in hours worked in September was due to Australians taking more annual leave than usual for this time of the year.

Australia (Seasonally Adjusted)	Sep ('000)	Aug ('000)	YoY (%)
Total	0.9	36.3	5.4
Full Time	13.3	55.0	5.5
Part Time	-12.4	-18.7	5.0
Aggregate Hours Worked (%)	0.0	0.4	7.1
Participation Rate (%)	66.6	66.6	-
Unemployment Rate (%)	3.5	3.5	-

Unemployment, Underutilisation and Participation

The unemployment rate was unchanged at 3.5%, in seasonally adjusted and trend terms, in line with market expectations. The number of unemployed people increased by 8.8k, the second increase in a row.

The participation rate was stable at a near record high 66.6%.

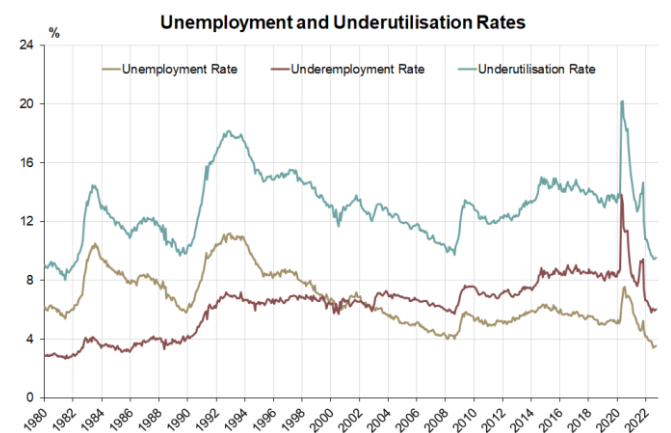
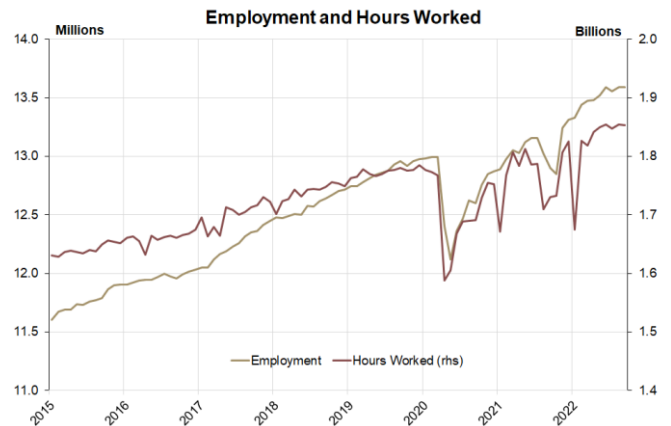
The underemployment rate (the employed who want to work more hours) was unchanged at 6.0%. The underutilisation rate, which combines unemployment and underemployment, ticked up to 9.6%.

The States

Employment declined in all states but New South Wales and Tasmania. Those states and Victoria also saw a decline in the unemployment rate.

Western Australian employment declined 3.8k but was still 2.7% higher than a year ago. The Western Australian unemployment rate increased by 0.3ppts to 3.4%, which is the second lowest level of all states. The participation rate at 69.2% remained by far the highest of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-3.8	2.7	3.4
New South Wales	7.0	9.2	3.3
Victoria	-10.7	4.3	3.5
Queensland	-4.8	4.0	3.7
South Australia	-8.7	1.4	4.3
Tasmania	3.7	2.5	4.3



Comment

The September labour force survey was slightly weaker than expected but continued to point to solid labour market conditions and the underemployment rate remained at a near 50-year low.

The labour market remains exceptionally tight. The data released by the National Skills Commission continued to suggest that there are less than two officially unemployed people per one internet job vacancy.

However, the labour market expansion has clearly lost steam over the past few months. This is evident not only from employment and the unemployment rate plateauing in September. The recent months have also seen some weakness in job ads, though they are still elevated by historical standards.

In this environment, the annual growth rate in SEEK advertised salaries declined 0.3ppts to the still solid 3.8% in August. Slight slowdown in labour costs was also noted in the NAB business survey for September. At the same time, RBA's liaison and XERO small business survey continue to show acceleration in wages growth.

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