

Labour Force October 2024

Employment and Hours Worked

Employment growth slowed to 15.9k in October, missing the market expectations of a 25.0k gain. The September increase was revised down to 61.3k from the originally estimated 64.1k.

The annual rate of employment growth slowed to 2.7% from 3.1% in the year to September.

The October gain in employment was the smallest since March, when employment fell 9.3k, and was attributable to slight gains in both full- and part-time jobs.

Aggregate hours worked ticked up by 0.1%, to be up 2.5% for the year.

Australia (Seasonally Adjusted)	Oct ('000)	Sep ('000)	YoY (%)
Total	15.9	61.3	2.7
Full Time	9.7	48.8	2.4
Part Time	6.2	12.5	3.4
Aggregate Hours Worked (%)	0.1	0.3	2.5
Participation Rate (%)	67.1	67.2	-
Unemployment Rate (%)	4.1	4.1	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate was steady at 4.1%, in line with expectations. The participation rate ebbed 0.1ppts to a still elevated 67.1%.

The underemployment rate declined by another 0.1ppts to 6.2%, which is the lowest since April 2023. The underutilisation rate, which combines unemployment and underemployment, was unchanged at 10.4%.

The States

Labour market indicators were mixed across the states.

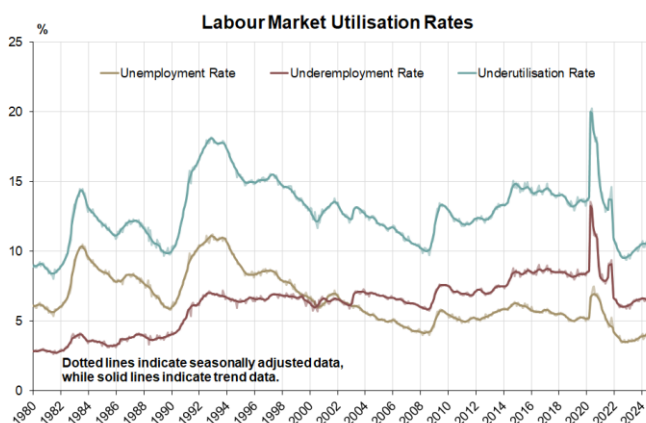
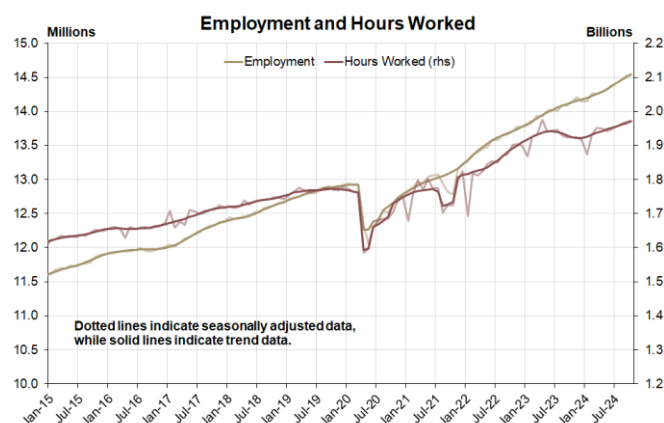
Employment picked up in Queensland and South Australia, but declined in other states, with Tasmania registering the largest percentage fall and the most populous state, New South Wales, seeing the strongest decline in the absolute terms.

The unemployment rate picked up in all states except for Queensland and South Australia.

Despite the rise, the Western Australian unemployment rate remained low at 4.0%. The increase in Western Australian unemployment rate was partly due to a 0.1ppts pick-up in the participation rate, to 68.8%, which is the highest level of all the states.

Western Australian employment held close to its record highs. The Western Australian employment to population ratio of 66.1% is by far the highest of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-1.1	2.8	4.0
New South Wales	-18.9	1.5	4.0
Victoria	-0.7	3.3	4.5
Queensland	38.0	5.0	3.9
South Australia	7.0	0.6	4.2
Tasmania	-2.7	-1.6	4.1



Comment

The October labour force report was a little bit softer than its predecessors. However, labour market conditions are still solid, with the unemployment rate remaining very low.

Furthermore, the underemployment rate continues to decline in seasonally adjusted and trend terms, a fact that was recently brought to attention by the RBA Governor after the recent meeting.

Labour market conditions tend to lag the business cycle, which has been in a slowdown phase for some time. In its recent projection round, the RBA pushed back the trough of this business cycle, reflecting the weakness in household consumption and sluggish productivity growth.

The quarterly figures suggest that employment growth has been recently driven by non-market sectors, such as health care and social assistance, education and training as well as public administration and safety.

The RBA expects that labour market conditions will soften in the coming quarters, and for the unemployment rate to drift up to 4.5% by December 2025, which is its current estimate of the unemployment rate that is consistent with full employment. The slightly softer employment data for October is in line with this scenario, hence it had no real impact on cash rate expectations.

14 November 2024