

## Economic Analysis

### Employment and Hours Worked

Employment rose by 64.9k in August, well above the 25.0k pencilled in by the consensus. This followed a revised decline of 1.4k in July (initially estimated at -14.6k).

Employment is now up 3.0% up through the year and at a new record high.

The gain in employment in August was mainly driven by part-time jobs (+62.1k), while full-time employment ticked up 2.8k.

Aggregate hours worked declined by 0.5% but remained 3.7% higher than a year ago.

Australia (Seasonally Adjusted)	Aug ('000)	Jul ('000)	YoY (%)
Total	64.9	-1.4	3.0
Full Time	2.8	-18.7	3.3
Part Time	62.1	17.3	2.2
Aggregate Hours Worked (%)	-0.5	0.2	3.7
Participation Rate (%)	67.0	66.9	-
Unemployment Rate (%)	3.7	3.7	-

### Unemployment, Underutilisation and Participation

The unemployment rate remained at 3.7%, both in seasonally adjusted and trend terms.

The participation rate unexpectedly edged up 0.1ppts to 67.0%, which is a new record high. July's level was revised up 0.2ppts from the original 66.7%.

The underemployment rate rose 0.2ppts to 6.6%. While this is still low, it is the highest level since February 2022.

The underutilisation rate, which combines the unemployment and underemployment rates, ticked up 0.1ppts to 10.2%, which is the highest level since March 2022.

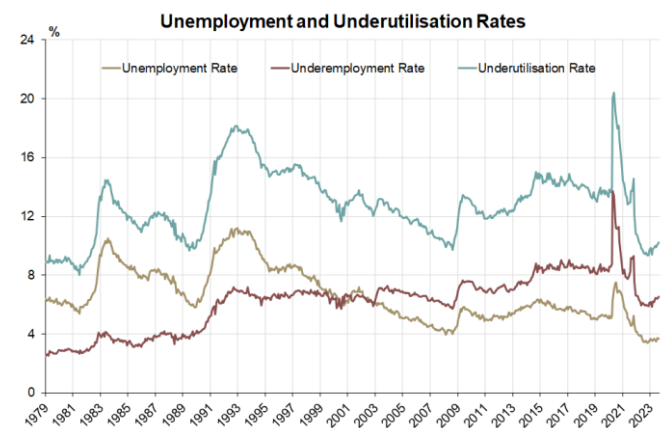
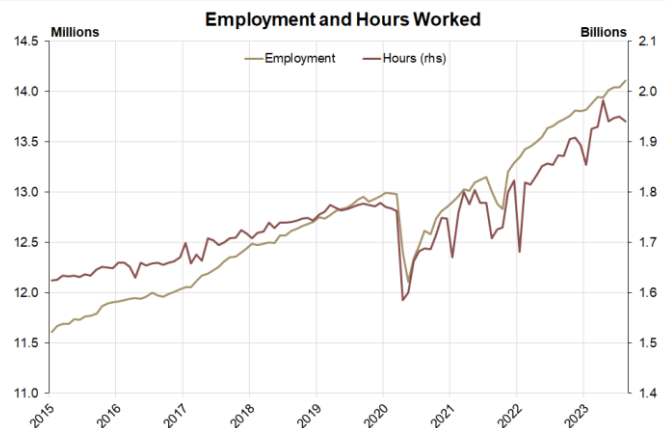
### The States

Employment rose across all mainland states, except Victoria, which boasts the lowest state unemployment rate, helped by a big fall in participation.

Western Australian employment rose by another 14.7k in August, but the unemployment rate picked up 0.3ppts to 3.8% amid a 0.7ppts surge in participation to a six-month high of 69.3%. The Western Australian participation rate remained by far the highest of all the states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	14.7	2.9	3.8
New South Wales	24.5	2.8	3.6
Victoria	-2.7	3.8	3.5
Queensland	13.6	1.9	4.1
South Australia	5.9	4.1	3.6
Tasmania	3.1	2.6	4.4

## Labour Force August 2023



### Comment

The August labour force survey was a huge upside surprise. However, the details of the report were a little bit more mixed than the headline numbers suggest.

In contrast to the strong gains from the start of the year, the August increase in employment was driven by part-time jobs, while hours worked declined.

In addition, the underemployment rate continues to climb, suggesting that labour market conditions, while still tight, are easing further.

At the same time, there are still less than two officially unemployed per internet job ad. The SEEK advertised salary index rose 0.4% in July, taking the annual rate up 0.1ppts to 4.6%.

Given the mixed details, the August labour force survey did not have a large impact on the cash rate expectations or the financial markets. Another 25bps hike is still only around 25% priced in for this year, while 3-year Commonwealth bond yields declined slightly after the release of the report. The Australian dollar first depreciated, but then clawed back its losses. We continue to expect no change in the RBA cash rate at the October meeting.

14 SEPTEMBER 2023

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