

## Economic Analysis

### Employment and Hours Worked

Seasonally adjusted employment bounced back 38.5k in April following a 5.9k fall in March (revised from -6.6k). The consensus market expectation had been for a 23.7k increase.

The annual rate of employment growth picked up 0.3ppts to 2.8%.

The April increase in employment was driven by a 44.6k gain in part-time jobs, full-time employment slipped 6.1k.

Aggregate hours worked were unchanged and up just 1.2% YoY.

Australia (Seasonally Adjusted)	Apr ('000)	Mar ('000)	YoY (%)
Total	38.5	-5.9	2.8
Full Time	-6.1	26.6	1.1
Part Time	44.6	-32.5	6.8
Aggregate Hours Worked (%)	0.0	1.2	0.0
Participation Rate (%)	66.7	66.6	-
Unemployment Rate (%)	4.1	3.9	-

### Unemployment, Underutilisation and Participation

The unemployment rate rose 0.2ppts to a three-month high of 4.1%, as a 68.8k increase in labour force numbers more than offset the increase in employment. The increase in the labour force pushed the participation rate up 0.1ppts to 66.74%, which was the highest level since the participation rate hit a record high of 67.0% in November last year.

The underemployment rate (those working less hours than they'd like) gained 0.2ppts to 6.6%, which along with the 0.2ppts increase in the unemployment rate pushed the underutilisation rate, the broadest measure of labour market slack, up 0.4ppts to 10.7%.

### The States

Results were mixed across states, with Queensland seeing by far the strongest employment growth during the month and in YoY growth.

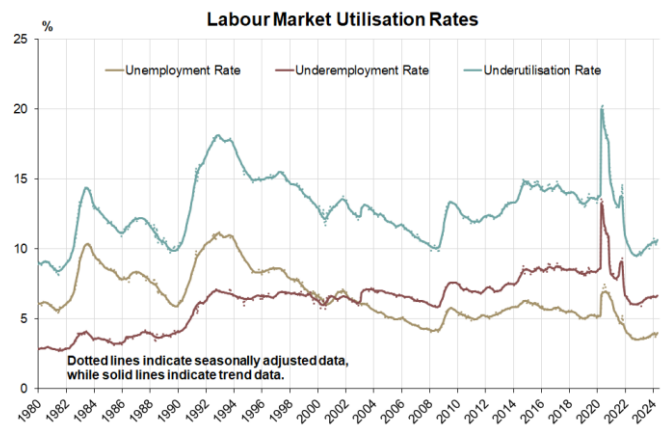
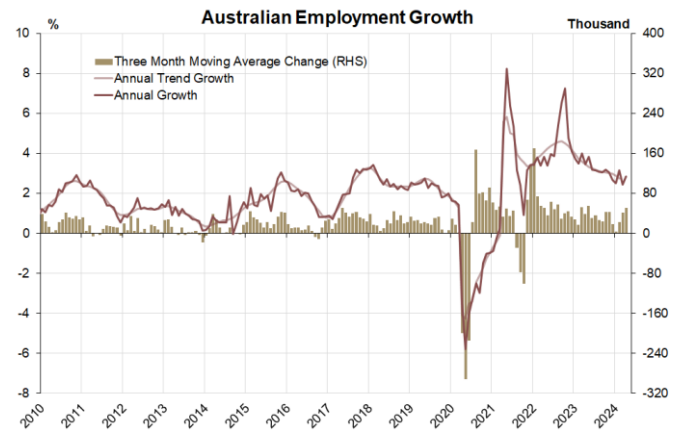
Monthly trend employment growth remained positive in all states but South Australia.

Queensland was the only state not to see an increase in its seasonally adjusted unemployment rate.

Western Australian employment fell 14.6k, however, the state continues to boast the lowest unemployment rate of all the states in seasonally adjusted and trend terms, as well as the highest participation rate and employment to population ratio.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-14.6	2.8	3.9
New South Wales	-6.0	2.2	4.0
Victoria	10.1	3.3	4.2
Queensland	46.1	4.8	4.1
South Australia	0.4	0.2	4.2
Tasmania	-0.4	-1.9	4.1

## Labour Force April 2024



### Comment

The April labour force is on the soft side, given the fall in full-time employment, flat growth in hours worked and the rise in the underutilisation rate, but can best be described as mixed.

While it is yet another indicator that labour market conditions are easing, they remain very tight, with the trend unemployment rate a still-low 4.0%. However, this is well above the low of 3.5% recorded in late 2022.

Trend employment growth of 30.9k a month remains robust but with trend labour force growth at a solid 34.7k in April, this may not be enough to prevent the unemployment rate from drifting higher.

However, the ABS have indicated that the increase in the unemployment rate in April partly reflected more people than usual saying they had a job they were waiting to start.

Despite the recent easing, labour market conditions remain robust. The stage 3 tax cuts and other cost of living measures are set to boost household disposable income, and possibly spending in the second half of the year, but whether this provides a lift in labour demand remains to be seen. The RBA is currently forecasting that the unemployment rate will peak at 4.3% in 2025-26.

16 MAY 2024

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