

# Labour Force May 2026

## Employment and Hours Worked

Seasonally adjusted employment surged by 40.3k in May, somewhat more than the 32.5k rise pencilled in by the market consensus and the most so far in 2026.

The surge in employment in May followed a 40.7k plunge in the previous month, which turned out to be significantly deeper than the 18.6k fall estimated initially.

The annual rate of employment growth re-accelerated to a still-sluggish 1.0%.

The rise in employment in May was driven by part-time jobs, which surged by 35.2k, the most in three months. Full-time employment ticked up by just 5.2k in May.

Aggregate hours worked fell by 1.1%, which followed a 0.9% increase in April when less people took a holiday than usual.

Australia (Seasonally Adjusted)	May ('000)	Apr ('000)	YoY (%)
Total	40.3	-40.7	1.0
Full Time	5.2	-21.6	0.5
Part Time	35.2	-19.0	2.1
Aggregate Hours Worked (%)	-1.1	0.9	0.5
Participation Rate (%)	66.7	66.6	-
Unemployment Rate (%)	4.4	4.5	-

## Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate ebbed by 0.1ppts to 4.4% in May, while the participation rate ticked up to 66.7%.

The underemployment rate rose back to a still-low 5.9%. The underutilisation rate, which combines unemployment and underemployment, declined to its March level of 10.2%.

### The States

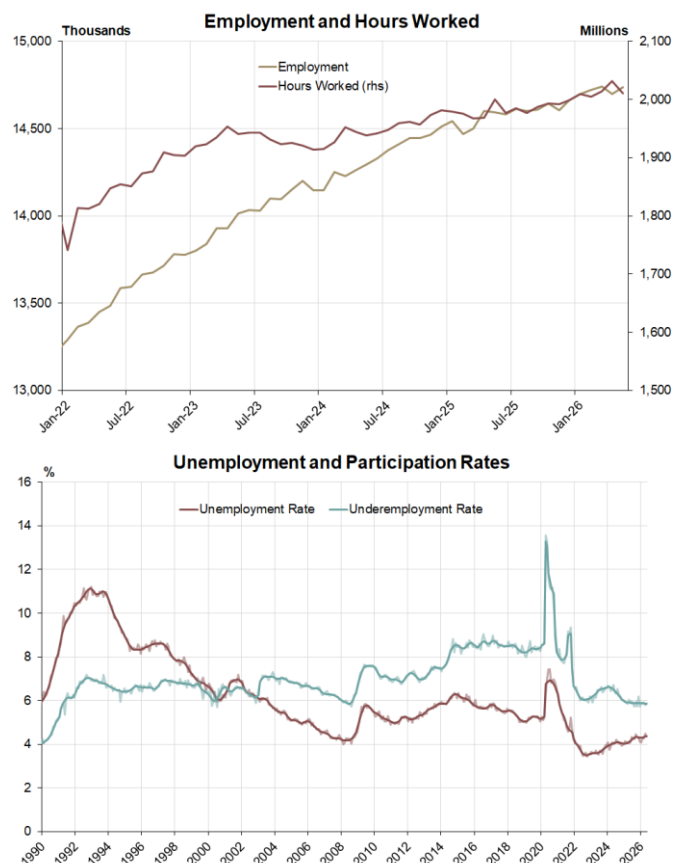
Labour market indicators were mixed across the states in May.

Employment rose in most states except for Western Australia and Tasmania. The strongest gain of 22.9k was recorded for Victoria, while New South Wales saw the smallest increase of just 0.7k.

Unemployment rates declined in New South Wales and Queensland, while other states saw increases. The levels ranged between 3.7% in Queensland and 4.9% in Victoria.

The 15.0k decline in Western Australian employment followed two months of solid gains, and trend employment growth continued. The unemployment rate picked up to 4.6% in seasonally adjusted terms, but was unchanged at 4.4% in trend terms. Western Australia remains the state with the highest employment-to-population ratio (65.6%) and participation rate (68.7%).

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-15.0	0.8	4.6
New South Wales	0.7	1.0	4.3
Victoria	22.9	0.8	4.9
Queensland	18.3	1.3	3.7
South Australia	2.9	1.2	4.2
Tasmania	-0.4	-2.2	5.3



## Comment

The May labour force was quite solid, including in trend terms, with trend employment rising by 20.2k, the most since late 2024. However, there are some caveats.

The surge in employment in May came after a plunge in the previous month. The labour market figures can be choppy month-to-month and are subject to revisions, particularly given the altered survey methodology.

The bulk of the employment gain in May came from part-time jobs, which are less stable than full-time positions.

In a separate release today, the ABS reported that job vacancies declined by 2.1% over three months to May and through the year. That said, job vacancies are 42.9% higher than before the COVID-19 pandemic and continue to climb in trend terms. There are two unemployed people for each vacancy, the most since late 2021, but still low by historical standards.

Apart from a temporary spike in the AUD/USD exchange rate, the market reaction to the labour force survey release was quite muted. Pricing for cash rate hikes has declined further since yesterday, but this was mainly due to a sustained decline in oil prices, which are now largely back to pre-war levels.

We continue to judge that there are likely to be no more cash rate hikes in this cycle, but the possibility of a further increase cannot be ruled out completely.

**25 June 2026**