

Economic Analysis

Labour Force November 2022

Employment and Hours Worked

Employment rose a seasonally adjusted 64.0k in November, much more than the 17.0k expected by market participants. This followed a 43.1k increase in October (upwardly revised from 32.2k).

The increase in seasonally adjusted employment was driven by both part-time and full-time jobs. Employment is now up 4.2% through the year and at a new record high.

The trend employment estimate, which looks through the monthly volatility, increased 32.6k in the month.

Aggregate hours worked ebbed 0.4% from a record high in the previous month. According to the ABS, this reflected more absences due to illness. In trend terms, however, hours worked ticked up by 0.4% in November.

Australia (Seasonally Adjusted)	Nov ('000)	Oct ('000)	YoY (%)
Total	64.0	43.1	4.2
Full Time	34.2	55.0	5.8
Part Time	29.8	-11.9	0.6
Aggregate Hours Worked (%)	-0.4	2.4	5.4
Participation Rate (%)	66.8	66.6	-
Unemployment Rate (%)	3.4	3.4	-

Unemployment, Underutilisation and Participation

The unemployment rate remained at an equal monthly series low of 3.4% in seasonally adjusted terms and was steady at 3.5% in trend terms.

The participation rate ticked up 0.2ppts to an equal record high of 66.8%.

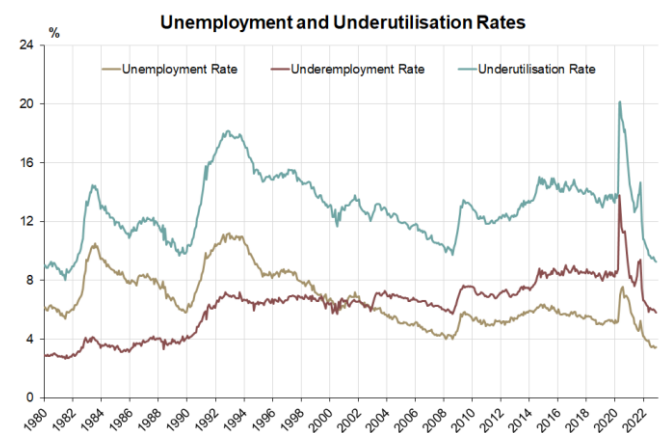
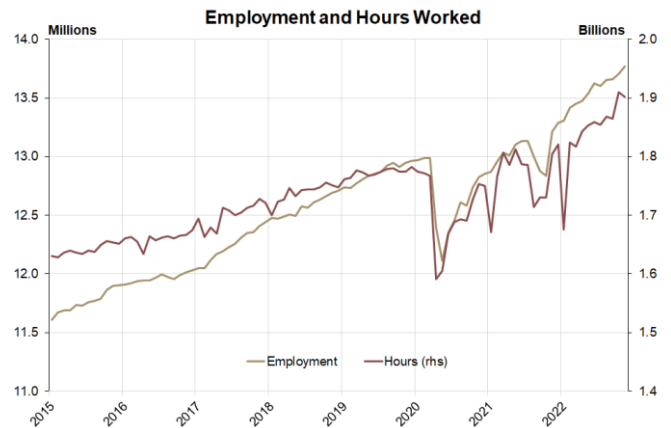
The underemployment rate (the employed who want to work more hours) declined 0.2ppts to 5.8%, the lowest level since August 2008. The underutilisation rate, which combines unemployment and underemployment, fell to a 40-year low of 9.2%.

The States

Employment rose in all states except South Australia, which continued to record the highest unemployment rate of all states (4.1%).

Western Australian employment rose 7.4k in the month, to be 1.4% up through the year. The unemployment rate declined 0.1ppts to 3.5%. The Western Australian participation rate rose 0.1ppts to 68.9% and remained by far the highest of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	7.4	1.4	3.5
New South Wales	29.8	6.2	3.2
Victoria	30.8	3.6	3.7
Queensland	3.4	3.9	3.3
South Australia	-1.3	1.6	4.1
Tasmania	4.1	4.5	3.5



Comment

The November labour force survey continued to point to strong labour market conditions. This was evident in the surge in employment and the unemployment rate remaining at an equal monthly series low. Measures of labour market underutilisation point to a very tight labour market.

Data released by the National Skills Commission continues to suggest that there are less than two officially unemployed people per internet job vacancy. This is reflected in the still fast wages growth. According to accounting software provider, Xero, small business wages rose by 4.1% YoY in November, following a 4.2% YoY increase in October.

The RBA forecasts that the unemployment rate will remain low over the next two years, despite a slight increase in 2024. Employment is also expected to climb further, but at a slower pace than recorded now.

Following the strong labour force survey and wage price index report, we continue to expect further tightening by the RBA, with another 25bps cash rate hike in February.

15 DECEMBER 2022

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