

Labour Force August 2026

Employment and Hours Worked

Seasonally adjusted employment rebounded by 39.5k in August, exceeding market expectations of a 20.0k increase. This followed a 15.9k decline in July, broadly unchanged from the initial estimate of a 15.8k fall.

Annual employment growth re-accelerated by 0.4 percentage points to 1.6%.

August's employment rebound was driven entirely by part-time jobs (+45.8k), while full-time employment fell by 6.3k, reversing the previous month's pattern.

Aggregate hours worked rose by 0.7%, to be up 1.7% through the year.

Australia (Seasonally Adjusted)	Aug ('000)	Jul ('000)	YoY (%)
Total	39.5	-15.9	1.6
Full Time	-6.3	14.9	1.3
Part Time	45.8	-30.8	2.3
Aggregate Hours Worked (%)	0.7	-0.7	1.7
Participation Rate (%)	67.1	66.9	-
Unemployment Rate (%)	4.6	4.5	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate unexpectedly rose by 0.1 percentage points to 4.6%, its highest level since October 2021.

The seasonally adjusted participation rate rose by 0.2 percentage points to 67.1% unseen since April 2025.

The underemployment rate declined by 0.1 percentage points to a five-month low of 6.2%. The underutilisation rate, which combines unemployment and underemployment, was unchanged at a moderate 10.8%.

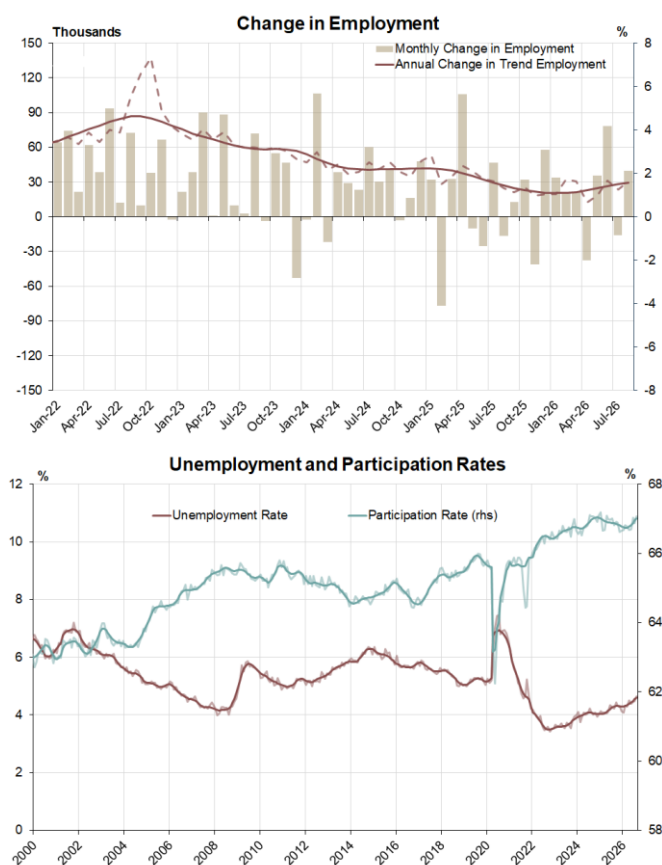
The States

Employment rose in all mainland states, while Tasmania saw a decline of 2.9k. The strongest increase in absolute terms was recorded for Victoria (+16.1k), while Queensland saw the smallest gain of just 0.8k.

The unemployment rate increased across all mainland states, but was unchanged in Tasmania. The largest increase was in South Australia (+0.5 percentage points to 4.6%), while Victoria recorded the highest unemployment rate at 5.2%. New South Wales reported the lowest unemployment rate, at 4.3%.

Western Australia recorded the second-largest absolute rise in employment (+12.5k) and the largest percentage increase (+0.7%). Its unemployment rate was also the second lowest among the states, while its participation rate (68.4%) and employment-to-population ratio (65.4%) remained the highest.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	12.5	2.3	4.5
New South Wales	2.5	2.4	4.3
Victoria	16.1	0.7	5.2
Queensland	0.8	1.9	4.5
South Australia	1.0	0.8	4.6
Tasmania	-2.9	-2.4	5.0



Comment

The August labour force report provided further evidence of the gradual softening in labour market conditions that the RBA has been seeking.

However, the evidence of softening remains mixed, with recent strong employment outcomes lifting trend employment growth to 24k, its strongest pace since November 2024.

Although the unemployment rate rose to its highest level since late 2021 and is somewhat above the RBA's central forecasts, 4.6% remains low by historical standards. The increase partly reflected people moving from outside the labour force into unemployment to look for work, contributing to the rise in the participation rate. The ABS also advised caution in interpreting the August data due to methodological changes.

The unemployment rate also remains at the lower end of the 4.5% to 5.0% range that the RBA Governor this week suggested would be consistent with easing inflation pressures. As a result, the RBA is likely to continue assessing labour market conditions as slightly tight, though moving towards neutral.

Given this, the labour force survey results are unlikely to change the outcome of next week's RBA meeting. A 25 basis point hike remains almost 90% priced in for September, with another expected by February 2027.

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