Labour Force July 2026

Employment and Hours Worked

Seasonally adjusted employment declined by 15.8k in July, against expectations of a 12.0k gain.

This followed an upwardly revised surge of 80.2k in the previous month (original estimate: +76.3k).

The annual rate of employment growth slowed by 0.4ppts to 1.3%.

The July employment decline was driven by a 32.2k drop in part-time jobs, partly offset by a 16.3k gain in full-time employment.

Aggregate hours worked fell by 0.6% but were still 0.2% higher through the year.

Australia (Seasonally Adjusted)	Jul ('000)	Jun ('000)	YoY (%)
Total	-15.8	80.2	1.3
Full Time	16.3	48.9	1.1
Part Time	-32.2	31.4	1.8
Aggregate Hours Worked (%)	-0.6	0.4	0.2
Participation Rate (%)	66.9	67.0	-
Unemployment Rate (%)	4.5	4.4	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate edged up by 0.1ppts to 4.5%, while the participation rate eased by the same amount to 66.9%.

The underemployment rate remained unchanged at 6.4%.

The underutilisation rate, which combines unemployment and underemployment, declined by 0.1ppts to 10.8%.

The States

Labour market indicators were mixed across the states in July.

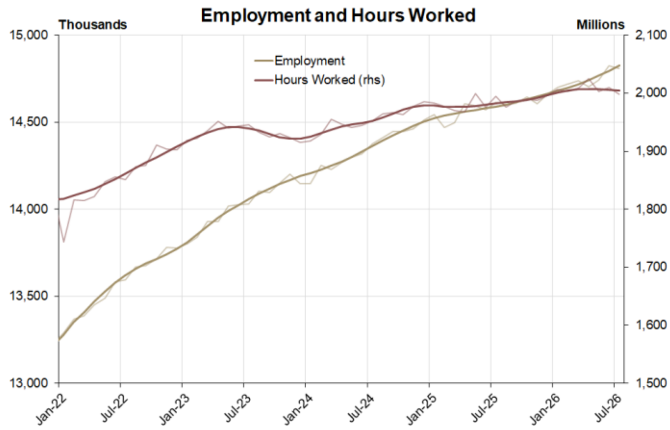
Employment rose in all states except New South Wales and Western Australia, with the strongest gain in Queensland, followed by Victoria. Employment was higher than a year earlier in all states except Tasmania.

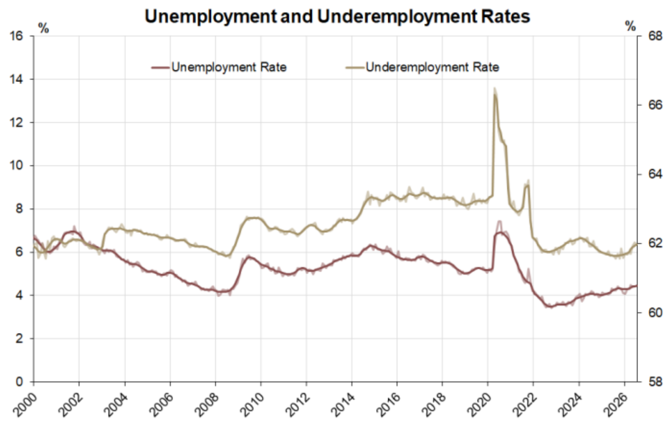
Unemployment rates rose in all states except Queensland and South Australia.

Western Australian employment fell by 23.9k in July, but the employment-to-population ratio remained by far the highest among the states at 65.0%. The Western Australian unemployment rate ticked up by 0.1ppts to 4.4%, while the participation rate remained the highest among the states at 68.0%.

The labour market in Western Australia remains tight, as evidenced by a low underemployment rate (5.6%) and wages growth slightly above the national level.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-23.9	0.8	4.4
New South Wales	-5.5	1.5	4.2
Victoria	3.0	1.2	5.1
Queensland	9.3	1.9	4.2
South Australia	0.5	1.0	4.1
Tasmania	1.4	-0.6	5.1





Comment

The July labour force survey was on the weaker side, following exceptionally strong results in the previous month. The higher volatility in employment could be due to some technical challenges due to less rotation groups than usual.

Looking through month-to-month volatility, trend employment continued to climb, with the pace increasing slightly from the previous month (+29.3k versus +28.0k). However, the trend unemployment rate ticked up by 0.1ppts to 4.5%.

Overall, the labour market is showing signs of easing, as also indicated by the wages figures released yesterday. The Q2 wages report showed a decline in the contribution of individual arrangements, suggesting lower employee bargaining power. The RBA expects labour market conditions to ease further, with its unemployment rate forecasts revised upwards in the August projections.

Despite this easing, labour market conditions remain, and are expected to remain, relatively tight by historical standards, with the unemployment rate staying below 5% over the next two years.

Despite the negative surprise, the July labour market report had little market impact. Cash rate futures are pricing in a 25bps hike with only a 50-60% probability.

20 August 2026