

## Economic Analysis

### Employment and Hours Worked

Employment surged a seasonally adjusted 75.9k in May, which was significantly more than the 14.8k pencilled in by the market consensus. This followed a decline of 4.0k in April (revised from 4.3k).

Employment is now 3.4% up from a year ago and at a new record high.

The increase in employment in May was broad-based, with a particularly strong contribution coming from full-time jobs.

Hours worked declined by 1.8%, which followed a solid 2.7% rise in the previous month. Despite the slight decline, hours worked are still 4.8% up over the year.

Australia (Seasonally Adjusted)	May ('000)	Apr ('000)	YoY (%)
Total	75.9	-4.0	3.4
Full Time	61.7	-28.6	4.1
Part Time	14.3	24.6	2.0
Aggregate Hours Worked (%)	-1.8	2.7	4.8
Participation Rate (%)	66.9	66.7	-
Unemployment Rate (%)	3.6	3.7	-

### Unemployment, Underutilisation and Participation

The unemployment rate unexpectedly ebbed 0.1ppts to 3.6%, as the number of unemployed people declined by 16.5k to be 6.4% down through the year.

At the same time, the participation rate rose by 0.2ppts to a new record high of 66.9%.

The rise in hours worked was reflected in a 0.2ppts pick-up in the underemployment rate (the employed who want to work more hours) 6.4%, which is the highest level since February 2022.

The underutilisation rate, which combines unemployment and underemployment, rose 0.2ppts to 10.0%, which is also the highest in over a year.

### The States

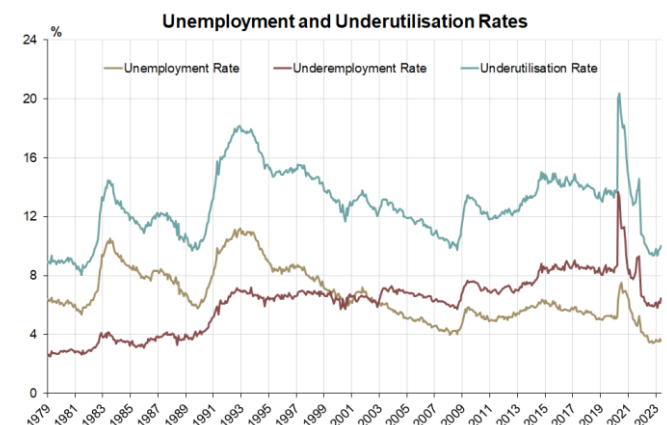
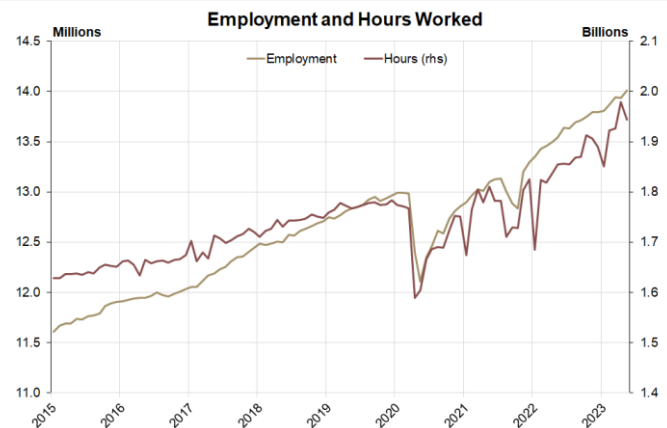
New South Wales, Victoria and Queensland had almost equal contributions to the rise in employment in May, while South Australia saw the strongest percentage gain.

Despite a solid gain in employment, Queensland's unemployment rate picked up by 0.1ppts to 3.9%, while other mainland eastern states saw a decline.

Western Australia and Tasmania saw slight declines in employment and an uptick in the unemployment rates. The 2.7k decline in Western Australian employment followed three consecutive months of solid gains. The WA unemployment rate remained low at 3.7% in May.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-2.7	1.2	3.7
New South Wales	28.6	3.5	3.0
Victoria	26.6	4.2	3.7
Queensland	27.0	2.8	3.9
South Australia	12.3	5.3	4.0
Tasmania	-0.2	2.7	4.2

## Labour Force May 2023



### Comment

May saw more bumper labour force survey report, with employment rising the most since June 2022 and the unemployment rate declining back to 3.6%.

The details of the report indicate that labour market conditions remain tight, though they might be easing gradually. The underemployment rate, while still very low, has been climbing steadily for several months to reach the highest level in more than a year. The ratio of unemployed per one internet job add has stabilised at 1.8, which is near the low of 1.7 reached in mid-2022.

The NAB/SEEK job ads report for May showed a further pick-up in the number of applications per a job ad, which indicates that employers are now finding it somewhat less difficult to find suitable staff.

The declining, albeit still very acute, tightness of labour market conditions is reflected in stabilisation in the growth rate of SEEK advertised salaries. However, the advertised salaries growth remains solid at 4.8% YoY.

These nuances notwithstanding, the May labour force survey is a strong argument for another 25bps RBA cash rate hike at the meeting in early July. Following the release of the survey results, the probability of such a move doubled, to be around 60% at the time of writing.

15 JUNE 2023

#### Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.