

Labour Force June 2025

Employment and Hours Worked

Seasonally adjusted employment ticked up by only 2.0k in June, significantly less than the 20.0k expected by market participants. This followed a 1.1k decline in May (revised from -2.5k).

The annual rate of employment growth declined 0.3ppts to a four-month low of 2.0%.

The uptick in employment in June was driven by a 40.2k gain in part-time jobs, which only slightly offset a 38.2k drop in full-time employment.

Aggregate hours worked declined by 0.9%, bringing the annual growth rate down to a two-month low of 1.8%.

Australia (Seasonally Adjusted)	Jun ('000)	May ('000)	YoY (%)
Total	2.0	-1.1	2.0
Full Time	-38.2	41.9	1.7
Part Time	40.2	-43.0	2.7
Aggregate Hours Worked (%)	-0.9	1.4	1.8
Participation Rate (%)	67.1	67.0	-
Unemployment Rate (%)	4.3	4.1	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate unexpectedly rose by 0.2ppts to a 3.5-year high of 4.3%, driven by a 33.6k increase in the number of unemployed, partly due to new entrants to the labour force. The participation rate rose to 67.1% in June, which is just 0.1ppts below the record high from January.

The underemployment rate rose by 0.1ppts to a still-low 6.0%. The underutilisation rate, which combines unemployment and underemployment, rose to 10.3%, the highest since October 2024.

The States

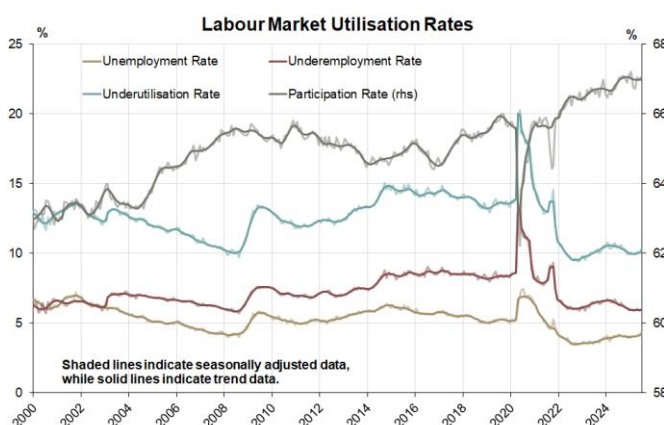
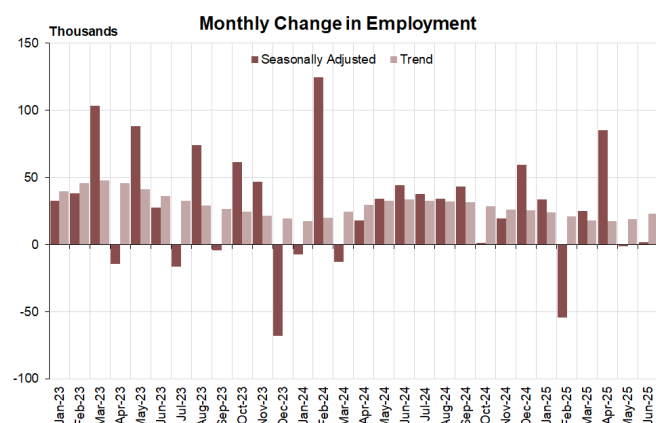
June saw a rise in seasonally adjusted employment in Victoria, South Australia and Tasmania, while other states, including Western Australia, recorded declines. At the same time, trend employment continued to climb across all the states in June.

Unemployment rates rose in all the mainland states except for South Australia, which saw no change.

Despite the decline in June, annual Western Australian employment growth was a solid 2.6% YoY. Western Australia's unemployment rate remained somewhat below the national average both in seasonally adjusted (4.1%) and in trend terms (4.0%).

Western Australia remains the state with the highest seasonally adjusted employment-to-population ratio and participation rate, of 66.2% and 69.0%, respectively.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-8.3	2.6	4.1
New South Wales	-18.2	1.2	4.4
Victoria	12.8	2.3	4.6
Queensland	-15.5	2.2	4.1
South Australia	1.0	3.9	4.4
Tasmania	0.4	0.6	3.8



Comment

The labour force survey results were disappointing for the second time in a row in June.

Some tentative signs of softer labour market conditions are also becoming evident in trend terms. Annual trend employment growth declined to 2.1%, which is the lowest in the post-COVID expansion phase. The trend unemployment rate rose to 4.2% in June, a level not seen since late 2021, while the trend underemployment rate remained steady at 5.9% for the past six months.

The disappointing labour force results in June could be related to ongoing challenges with seasonal adjustment, especially when contrasted with other publications on the labour market. According to the Jobs and Skills Commission, internet job vacancies picked up by 1.9% in June, while a separate ANZ Indeed report pointed to a 1.8% gain. The NAB business survey for June also suggested an improvement in labour market conditions.

That said, the weaker labour force report for June led to an intensification of RBA cash rate cut expectations. A 25bps cut remains almost fully priced in for August, but 64bps of cuts are now expected in the second half of 2025, compared to 56bps before the release. The market's attention is now turning to the Q2 CPI report on 30 July, which the RBA pointed to specifically as a critical release before the August decision.

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