

Economic Analysis

Employment and Hours Worked

Employment saw another big rise of 47.5k in August, significantly more than the 26.0k expected by market participants. The July gain was revised down to a still solid 48.9k (originally 58.2k).

The annual rate of employment growth slowed 0.2ppts to 2.7%.

In contrast to previous months, the rise in employment was driven by part-time jobs, which bounced 50.6k in August. Full-time employment was little changed, ebbing by 3.1k.

Aggregate hours worked rose by 0.4%, to be up 1.7% through the year.

Australia (Seasonally Adjusted)	Aug ('000)	Jul ('000)	YoY (%)
Total	47.5	48.9	2.7
Full Time	-3.1	64.7	1.7
Part Time	50.6	-15.8	4.9
Aggregate Hours Worked (%)	0.4	0.4	1.7
Participation Rate (%)	67.1	67.1	-
Unemployment Rate (%)	4.2	4.2	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate was steady at 4.2%, in line with expectations. The participation rate remained at a record high of 67.1%.

The underemployment rate picked up by 0.2ppts to a still-low 6.5%, 0.1ppts lower than a year before. The underutilisation rate, which combines unemployment and underemployment, was unchanged at 10.6%.

The States

Labour market indicators were mixed across the states in August.

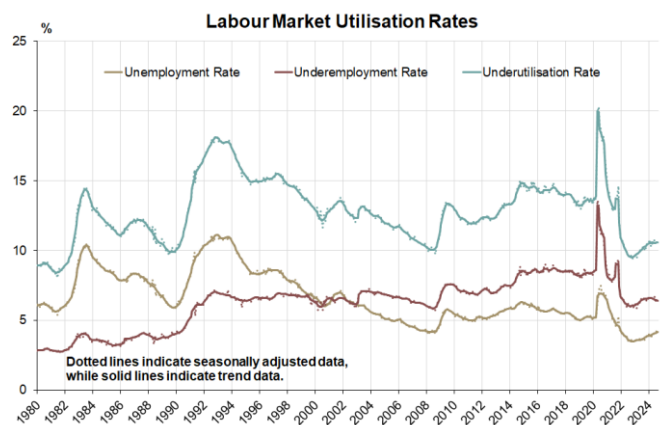
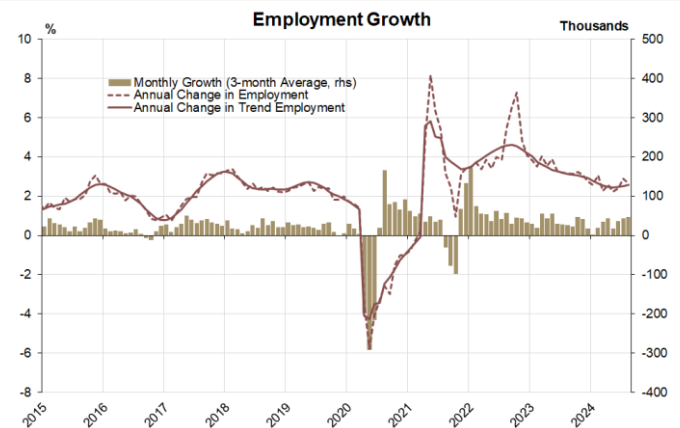
Employment rose in all states, except New South Wales and Western Australia. The strongest gain was registered in Queensland, followed by Victoria. Employment was higher than a year ago in all states except for South Australia and Tasmania.

Unemployment rates declined in South Australia (-0.4ppts), Victoria (-0.1ppts) and Queensland (-0.1ppts) but rose in New South Wales (+0.1ppts) and Western Australia (+0.2ppts).

Despite the rise, the Western Australian unemployment rate remained the equal lowest of all the states (along with South Australia), while the annual rate of employment growth was solid at 3.1%. Western Australia also boasted the highest participation rate (68.9%) and employment-to-population ratio (66.2%).

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-3.3	3.1	3.9
New South Wales	-20.3	1.9	4.1
Victoria	15.6	3.6	4.5
Queensland	25.9	4.2	4.2
South Australia	1.5	-0.7	3.9
Tasmania	1.4	-1.7	4.4

Labour Force August 2024



Comment

The August labour force survey saw another strong employment gain, but the details are a bit more nuanced than the headline figures suggest. The rise in employment was led by part-time jobs, while the underemployment rate picked up a little.

Labour market conditions tend to lag the business cycle, which has been in a slowdown phase for some time.

In addition, the current strong employment gains are partly fuelled by increased migration. A separate set of data released by the ABS today, showed that annual net overseas migration over the year to Q1 2024 was around 510k, down from the peak of 560k in the year to Q3 2023. This, combined with the natural increase of around 105k, pushed Australia's population above 27 million. Western Australia again saw the strongest annual population growth of 3.1% (89k).

The large upside surprise to employment figures in August was received calmly by the markets. Despite nuances in the details, the August labour market report supported the RBA's stance that rate cuts should not start in the coming months. Probability of a 25bps cash rate cut in December declined a little, but remains above 70%, while such a move is more than fully priced in for February 2025.

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