Labour Force October 2026

Employment and Hours Worked

Seasonally adjusted employment dropped by 43.5k in October, against market expectations of a 25.0k gain. This followed a 36.4k fall in September (revised from -39.3k).

The annual rate of employment growth decelerated to just 0.6%, which is the slowest pace in six months.

The drop in employment in October was driven almost exclusively by part-time jobs, which plunged by 40.6k. Full-time jobs saw a more measured decline of 2.9k.

Aggregate hours worked ebbed by 0.2%, but remained 0.7% up through the year.

Australia (Seasonally Adjusted)	Oct ('000)	Sep ('000)	YoY (%)
Total	-43.5	-36.4	0.6
Full Time	-2.9	35.4	1.2
Part Time	-40.6	-71.8	-0.8
Aggregate Hours Worked (%)	-0.2	0.1	0.7
Participation Rate (%)	66.6	66.8	-
Unemployment Rate (%)	4.9	4.7	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate rose by 0.2ppts to a new five-year high of 4.9%.

The participation rate eased to 66.6%, which is the lowest level since March 2024.

The underemployment rate ebbed by 0.1ppts to 6.2%, which is a very low level by historical standards.

The underutilisation rate, which combines employment and unemployment, was unchanged at its own five-year high of 11.1%.

The States

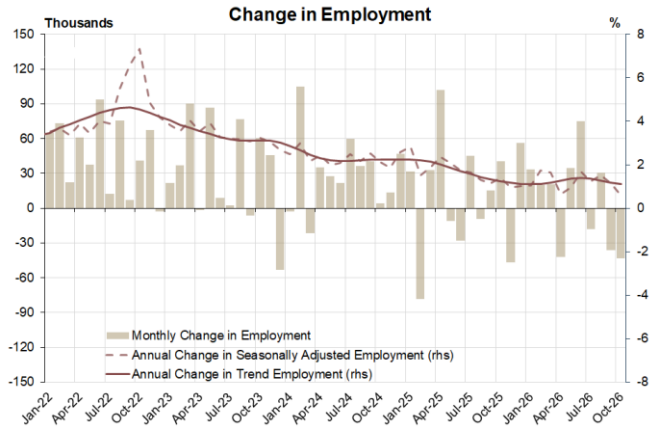
Seasonally adjusted employment fell in almost all mainland states in October, with the notable exception of Victoria, which nonetheless saw only a marginal gain.

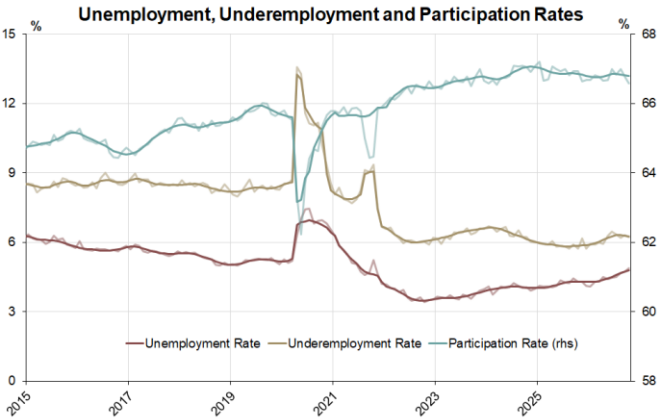
Unemployment rates rose in almost all states except for New South Wales, which saw a 0.1ppts decline to 4.6%.

The strongest increase in the unemployment rate was reported for South Australia (+0.6ppts to 4.8%), with the unemployment rates being the highest in Victoria and Tasmania (5.4%).

In Western Australia, seasonally adjusted employment declined by 19.1k in October, but remained 2.0% up through the year, with trend employment growth remaining positive. The Western Australian seasonally adjusted unemployment rate, of 4.5%, was the lowest among all states, while the participation rate remained by far the highest (68.4%).

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-19.1	2.0	4.5
New South Wales	-9.1	0.0	4.6
Victoria	3.4	0.9	5.4
Queensland	-9.9	0.9	4.8
South Australia	-5.2	-0.1	4.8
Tasmania	2.0	-2.3	5.4





Comment

The October labour force report was weak across the board, with the only silver lining being the slight decline in the underemployment rate.

The interpretation of labour market figures over the past few months was a bit less certain than usual due to methodological changes that the ABS was making to the survey. However, with two consecutive significant declines in employment and the unemployment rate clearly trending higher, it looks increasingly likely that easing in labour market conditions is well underway.

RBA Governor Michele Bullock assessed several weeks ago that, to achieve the inflation goal over time, the unemployment rate needs to be between 4.5% and 5.0%. It has been at these levels for three months and we are currently at the upper bound of that range, even before the effects of the recent RBA tightening set in. However, we need labour market conditions to remain around their current levels or ease further for several more months for inflation to decline in a sustainable manner.

Following the October labour force survey, cash rate hike expectations disappeared completely, with a 25bps cut fully priced in for late 2027 at the time of writing. In our opinion, it is too early to call for rate cuts. We now expect the RBA to stay put in the coming quarters.

19 November 2026