

## Economic Analysis

## Labour Force October 2023

### Employment and Hours Worked

Employment surged by 55.0k in October, over double the 24.0k consensus. This followed an upwardly revised uptick of 7.8k in September (initially estimated at 6.7k).

Employment is 3.0% higher than a year ago and at a new record high.

The gain in employment in October again driven mainly by part-time jobs (+37.9k). However, in contrast to September, full-time employment also saw a solid increase (+17.0k).

Aggregate hours worked rose 0.5% in October, to be 1.7% up through the year.

Australia (Seasonally Adjusted)	Oct ('000)	Sep ('000)	YoY (%)
Total	55.0	7.8	3.0
Full Time	17.0	-36.5	2.2
Part Time	37.9	44.3	4.9
Aggregate Hours Worked (%)	0.5	-0.4	1.7
Participation Rate (%)	67.0	66.8	-
Unemployment Rate (%)	3.7	3.6	-

### Unemployment, Underutilisation and Participation

The unemployment rate rose back to 3.7% in October, in line with the market expectations. This came as the participation rate gained 0.2ppts to equal the record high of 67.0%.

The underemployment rate remained at 6.3%, but the underutilisation rate (which combines unemployment and underemployment) picked up to 10.0%.

### The States

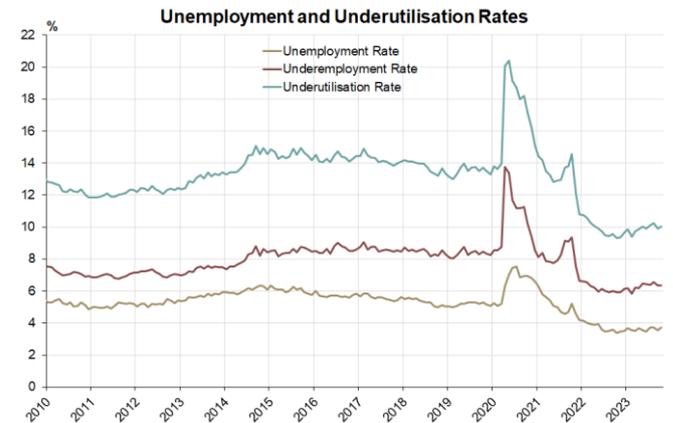
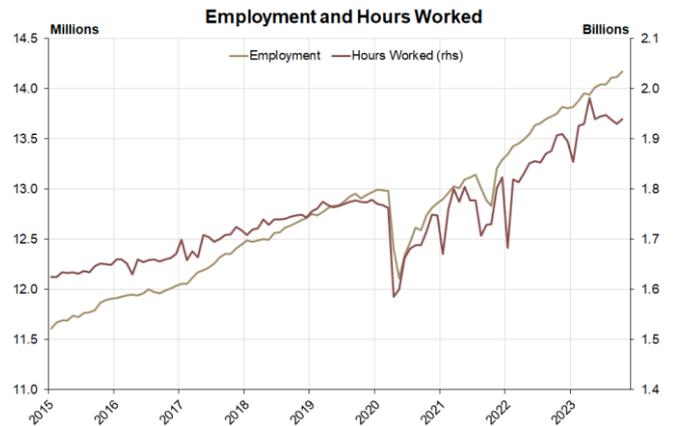
Employment rose in all mainland states in October, with Victoria seeing the strongest gain of 34.3k.

At the same time, there was a pick-up in unemployment across all the mainland states except for South Australia.

These increases came amid a rise in participation rates, including a 0.7ppts jump to a record high of 67.9% in Victoria.

Western Australian employment rose by 9.4k to a new record high of 1,574k, with over half of the increase from full-time jobs. The Western Australian unemployment rate rose 0.5ppts to 3.8%, with the participation rate also picking up by 0.5ppts to 69.3%, which is by far the highest level of all the states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	9.4	4.0	3.8
New South Wales	20.1	1.9	3.4
Victoria	34.3	4.7	3.8
Queensland	10.6	2.6	4.3
South Australia	2.3	3.5	3.6
Tasmania	-4.2	0.0	4.0



### Comment

The October employment report is even more difficult to interpret than usual. The second week of the survey fortnight coincided with the run-up to the referendum on 14 October. The ABS notes that the impact of elections and referendums is difficult to identify, given their temporary nature and that secondary jobs do not change an individual's employment status. However, last week's payroll jobs report did see a sharp 7% increase in public administration jobs in the month to 14 October.

There were some key takeaways, however. Part-time jobs continue to be the major driver of the employment gains. Growth in hours worked has slowed substantially, to just 1.7% YoY, which is only around half the rate of total employment growth. The youth unemployment rate, which is relatively sensitive to changes in labour market conditions, rose 1.2ppts to 9.2%, the highest level since late 2021.

Despite the large surprise to the headline employment figures, the October labour force survey did not result in a significant change in RBA cash rate expectations, with a 25bps hike still around 30% priced in for February 2023. The next important piece of information for the RBA will be the monthly CPI indicator for October, which is scheduled for release on 29 November.

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