

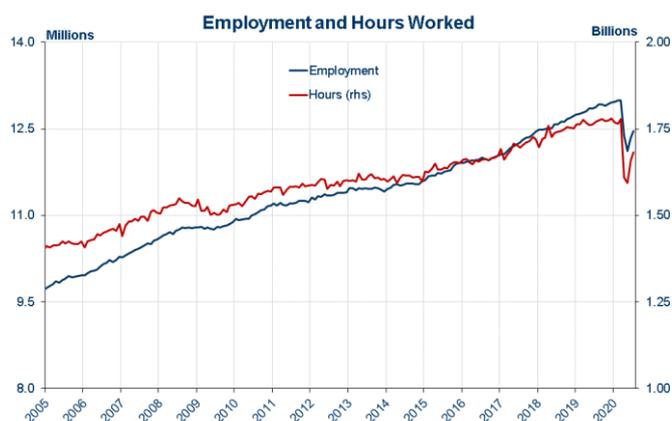
Employment and Hours Worked

Employment continued to recover between early June and early July. Seasonally-adjusted employment rose by 114.7k, which follows a record surge of 228.4k during the previous month. Market participants were expecting a 30k increase.

Australia (Seasonally Adjusted)	Jul	Jun	YoY (%)
Total	114.7	228.4	-3.2
Full Time	43.5	-23.6	-3.2
Part Time	45.9	104.0	-2.8
Aggregate Hours Worked (%)	1.3	4.2	-5.0
Participation Rate (%)	64.7	64.1	-
Unemployment Rate (%)	7.5	7.4	-

In contrast to the preceding month, the rise in employment between early June and early July was broad-based. Gross flows data suggest that most of the newly employed came straight from outside the labour force.

Working hours continued to grow, translating into another fall in the underemployment ratio, to a still high 12.1%.



Despite solid rises in the past two months, employment remains more than 500k below the pre-pandemic level. Working hours are around 5% lower than in January 2020.

Unemployment and Participation Rates

The unemployment rate continued to rise, albeit at a slightly slower pace, reaching 7.5%. According to the gross flows data, the rise in unemployment between late June and early July resulted from people reconnecting with the labour force rather than lay-offs as more people entered the labour force than were able to find jobs.

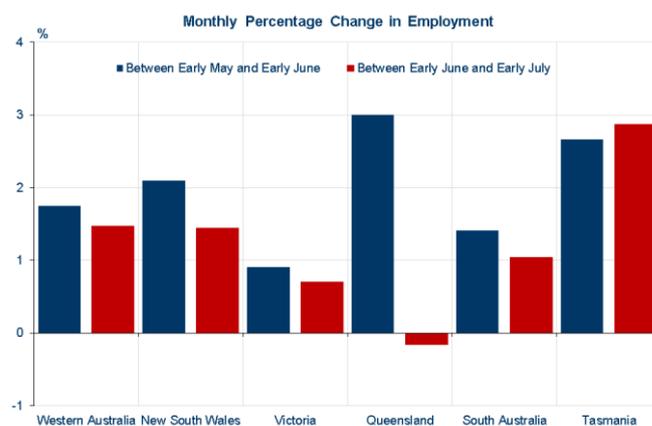
As a result of the increasing inflow into the labour force, the participation rate grew to 64.7%, still way below the pre-COVID levels. The underutilisation rate eased to 18.7%, almost 5 percentage points above its January level.

States

Almost all Australian states saw a rise in employment between early June and early July. Queensland, which led the employment gains in percentage terms in the previous month, was a notable exception here.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	19.1	-3.2	8.3
New South Wales	56.8	-3.5	7.2
Victoria	22.9	-2.8	6.8
Queensland	-3.7	-4.4	8.8
South Australia	8.5	-3.2	7.9
Tasmania	7.0	1.3	6.0

In absolute terms, employment growth was led by New South Wales and Victoria, reflecting the reopening of both states in June. Western Australia saw the third largest increase of all states, both in the absolute and percentage terms. The unemployment rate declined, though remained high.



Comment

The reference period for the July labour force survey (28 June – 11 July) largely pre-dates the introduction of the 'stage 3' lockdown in Melbourne (8 July). Employees who lost a job in the early stages for that lockdown did not meet the criteria to be classified as unemployed.

A re-deterioration in labour market conditions will be increasingly evident in the following labour force survey results. The reference period of the August survey will cover the introduction of 'stage 4' lockdown in early August. According to the Commonwealth Treasury, around 250k-400k jobs are set to be lost nationwide due to the combined impact of 'stage 3' and 'stage 4' lockdowns, and the unemployment rate is set to reach 10% in the coming months.

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