

Employment

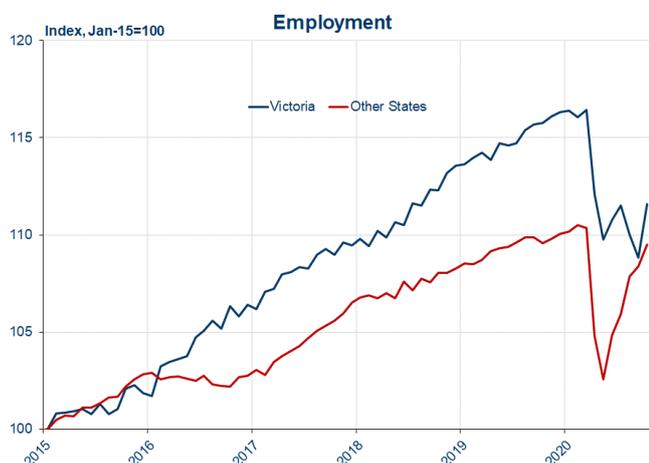
Labour market conditions improved in October, partly driven by a strong recovery in Victoria. Seasonally adjusted employment rose by 178.8k, to be 1.0% down YoY. This compares with expectations of a 30.0k monthly fall and follows a 42.5k decline in September.

Australia (Seasonally Adjusted)	Oct	Sep	YoY (%)
Total	178.8	-42.5	-1.0
Full Time	97.0	-40.3	-2.1
Part Time	81.8	-2.2	1.3
Aggregate Hours Worked (%)	1.2	0.2	-3.4
Participation Rate	65.8	64.9	-
Unemployment Rate	7.0	6.9	-

The upside surprise came from both the strong rebound in Victoria and the ongoing recovery in employment elsewhere. The rise in employment was driven by both full- and part-time jobs. However, full-time employment remained well below last year's levels, down 2.1% YoY.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	15.3	0.2	6.6
New South Wales	36.4	-1.2	6.5
Victoria	81.6	-3.6	7.4
Queensland	25.3	0.9	7.7
South Australia	6.3	0.5	6.7
Tasmania	0.0	-0.1	8.2

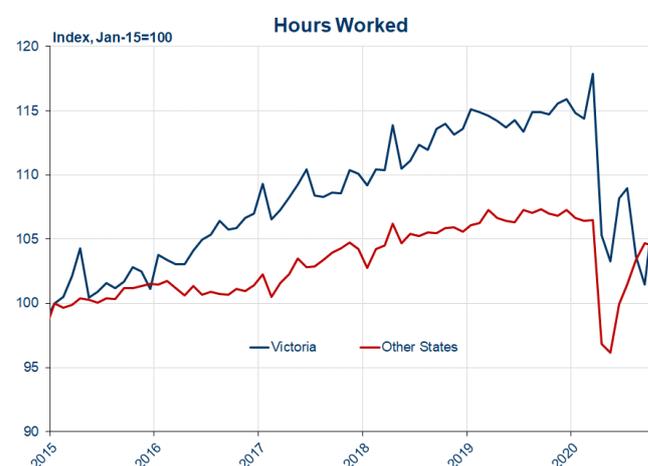
In Victoria, employment surged by a record 81.6k, which followed a 76.7k cumulative decline over the previous two months. The reference period of the October survey encompassed the initial easing of restrictions in Melbourne but pre-dated the complete re-opening of the city.



Outside of the Garden State, employment grew by 97.2k after declining by 8.2k in September. Western Australia saw the strongest increase in employment (1.1%) of all states but Victoria in percentage terms.

Hours Worked, Underutilisation and Participation

The number of hours worked increased by 1.2%, which was mainly due to a 5.6% surge in Victoria. Outside of that state, working hours ebbed by 0.2%, led by a 1.7% fall in New South Wales. Results for other states were mixed. In Western Australia, hours worked declined by 0.5%.



A rise in hours worked saw the underemployment rate decline to 10.2% nationally, the lowest since March. Unsurprisingly, Victoria saw the strongest fall in this rate (to 13.0% from 14.9% in September). The Western Australian underemployment ratio remained the lowest of all states.

The participation rate increased across all states, to reach 65.8% nationwide, also the best result since the pandemic hit. Western Australia's participation rate, at 68.3%, remained the highest of all states.

The rise in participation triggered a slight rise in the unemployment rate, to 7.0% from 6.9% previously. The underutilisation rate, which combines the unemployed and the underemployed in the labour force, decreased to 17.4%, which is still 3.4 percentage points above pre-COVID levels.

Comment

The October labour force report appears strong at the first glance, boosted by the initial re-opening in Melbourne. Outside of Victoria, the details of the report, particularly with respect to hours worked, remain slightly worrying.

Looking forward, given the ongoing public health risks and border closures, the pace of improvement is likely to slow and the fresh outbreak in South Australia is a stark reminder how quickly things can deteriorate. However, due to the state comprising a much smaller proportion of the total Australian labour force (6.7%), this outbreak is likely to generate less of a drag than the Melbourne lockdown.

While recent vaccine news provides some hope that the pandemic may eventually be brought under control, even under a best case scenario the road back to full employment will take some time.

19 NOVEMBER 2020

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