

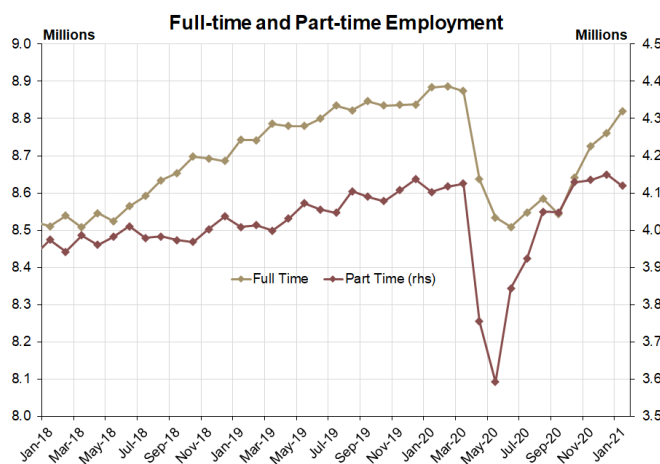
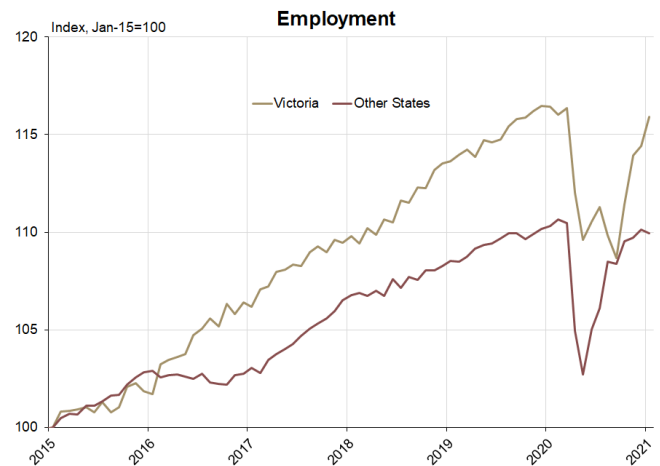
Employment

Seasonally adjusted employment grew by 29.1k nationwide in January, slightly less than the 40.0k expected by market participants.

Australia (Seasonally Adjusted)	Jan	Dec	YoY (%)
Total	29.1	50.0	-0.4
Full Time	59.0	35.7	-0.7
Part Time	-29.8	14.3	0.4
Aggregate Hours Worked (%)	-4.9	0.1	-5.7
Participation Rate	66.1	66.2	-
Unemployment Rate	6.4	6.6	-

Employment growth was concentrated in Victoria, which continued to recover from the 2020 Melbourne lockdown. Excluding Victoria, employment fell by 14.5k after rising for three consecutive months.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-13.4	-0.3	6.2
New South Wales	-1.2	-1.3	6.0
Victoria	43.6	-0.5	6.3
Queensland	2.3	1.2	7.0
South Australia	-12.2	-1.0	7.5
Tasmania	3.0	-0.1	5.9

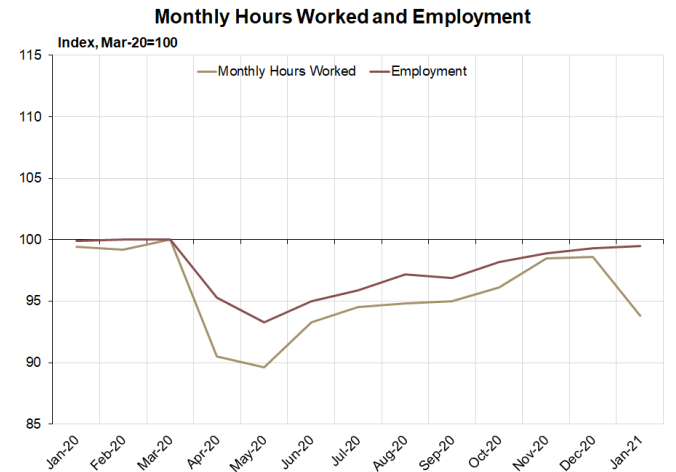


The rise in employment was due to a recovery in full-time jobs, with part-time employment retreating from the all-time highs recorded in December 2020.

Hours Worked, Underutilisation and Participation

The rise in employment in January was accompanied by a fall in working hours, which is explained by the ABS as being due to a more than usual number of Australians taking leave in January.

The number of people working zero hours due to economic reasons picked up for the first time since May 2020, though remained well below its peak.



The underemployment rate continued to decline in January, to be lower than before the pandemic hit (8.1% against 8.6% a year before). According to the ABS, the fall reflected an unusually large fall in the number of part-time employees who preferred to work more hours.

The unemployment rate fell slightly more than expected by market participants, reaching 6.4% in January against the consensus of 6.5%. This coincided with a slight decline in the participation rate which, at 66.1%, remained close to its all-time high from December 2020.

The underutilisation rate fell to 14.5%, which compares with 13.8% in January 2020.

Comment

The post-COVID bounce back in the Australian labour market has been impressive. However, despite a significant fall, the unemployment rate is well and truly above the '4-something' level the RBA considers crucial for a broad acceleration in wage and price growth. The January labour force survey results suggest that the pace of the labour market recovery may be easing, adding fuel to the RBA's preference to maintain expansionary monetary policy in the coming years, yet the high degree of seasonality makes the numbers extremely difficult to interpret at this time of year.

18 FEBRUARY 2021

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