

## Economic Analysis

## Labour Force August 2022

### Employment and Hours Worked

Employment rose a seasonally adjusted 33.5k in August, pretty much in line with the 35.0k envisaged by the market consensus. This followed a 40.9k decline in July. Employment is up 4.4% through the year and just 0.1% short of its record high from June.

The rise in employment was driven by a 58.8k surge in full-time employment, while part-time employment retreated 25.3k.

Aggregate hours worked fully reversed their decline from the previous month, to be 7.9% up over the year and 0.2% below their record high from May.

Australia (Seasonally Adjusted)	Aug ('000)	Jul ('000)	YoY (%)
Total	33.5	-40.9	4.4
Full Time	58.8	-86.9	5.8
Part Time	-25.3	46.0	1.4
Aggregate Hours Worked (%)	0.8	-0.8	7.9
Participation Rate (%)	66.6	66.4	-
Unemployment Rate (%)	3.5	3.4	-

### Unemployment, Underutilisation and Participation

The unemployment rate rose 0.1ppts to the still low 3.5%, as the participation rate rose to 66.6%. This reversed the moves from the previous month when the unemployment rate fell amid lower participation.

The underemployment rate (the employed who want to work more hours) fell 0.1ppts to 5.9%, which is the lowest level since May. The underutilisation rate, which combines unemployment and underemployment, remained at a 40-year low of 9.4% in rounded terms.

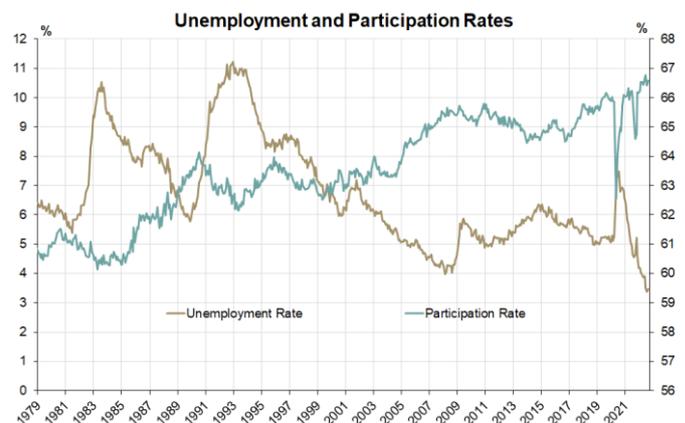
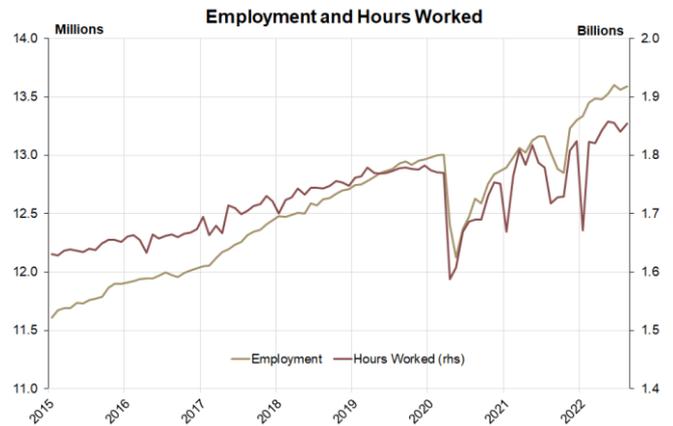
### The States

Labour market developments were mixed across states in August. Employment rose in all states but Victoria and Tasmania. Those two states also saw the largest increase in the unemployment rate (by 0.6ppts and 1.2ppts, respectively).

South Australia had the largest increase in employment, following declines in the four out of the past seven months. However, it continues to have the highest unemployment rate of all mainland states.

Western Australian employment rose 0.9k, to be 3.2% higher than a year ago and 0.1% off its record high from May. The Western Australian unemployment rate of 3.1% was the lowest of all the states. The participation rate of 69.3% easily remained the highest of the states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	0.9	3.2	3.1
New South Wales	4.1	8.2	3.4
Victoria	-0.8	0.8	3.7
Queensland	1.4	5.2	3.2
South Australia	10.2	2.2	3.9
Tasmania	-0.2	0.9	4.9



### Comment

The results of the August labour force survey were in line with the expected rebound, after the 40.9k fall in July.

The solid increase in employment was led by full-time jobs, which was partly offset by lower part-time employment. The rise in hours worked helped drive a fall in underemployment, suggesting that employers, faced with a tight labour market, increased the utilisation of the workforce at hand.

This corroborates the separate labour account data released yesterday, which pointed to an increase in vacant jobs on the one hand, and a higher proportion of people holding multiple jobs on the other.

The unemployment rate edged up but remained very low. The increase was driven by more people entering the labour market, which is a welcome outcome given the apparent shortage of available labour force.

The markets continue to expect a 50bps cash rate hike at the RBA meeting in October. However, the scale of the rate increases to date and less acute wage pressures compared to some other advanced economies, most notably the US, have given the RBA room to slow the pace of rate hikes. We see the risk of a smaller, 25bps, hike in October.

15 SEPTEMBER 2022

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