

Labour Force December 2024

Employment and Hours Worked

December was another solid month for the Aussie labour market with seasonally adjusted employment rising 56.3k (mkt exp. 15.0k). This was partly offset by a small downward revision of the November increase to 28.2k (originally 35.6k).

Annual employment growth picked up 0.7ppts to a strong 3.1% in December.

Employment growth was driven by part-time employment in December, while full-time employment slipped back after a strong rise in November.

Aggregate hours worked lifted 0.5% after being virtually unchanged in November, to be up a solid 3.2% from a year earlier.

Australia (Seasonally Adjusted)	Dec ('000)	Nov ('000)	YoY (%)
Total	56.3	28.2	3.1
Full Time	-23.7	49.5	2.6
Part Time	80.0	-21.2	5.1
Aggregate Hours Worked (%)	0.5	0.0	3.2
Participation Rate (%)	67.1	67.0	-
Unemployment Rate (%)	4.0	3.9	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate edged up 0.1ppts to 4.0%, as the increase in the labour force exceeded the rise in employment, pushing the labour force participation rate back to a record high of 67.1%.

The trend unemployment rate, which looks through the monthly volatility, was steady at 4.0%.

The seasonally adjusted employment to population ratio climbed 0.2ppts to a record 64.5%.

The underemployment rate edged down 0.1ppts to 6.0%, while the underutilisation rate – which combines unemployment and underemployment – was steady at 10%, both at the lowest levels since the first half of 2023.

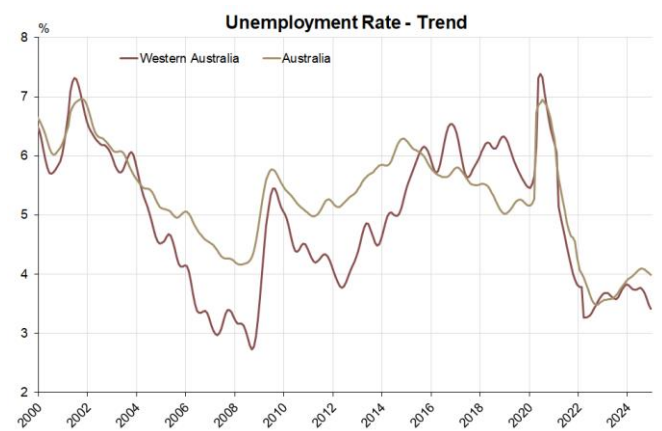
The States

Employment picked up in all states, except Victoria and Tasmania, with the unemployment rate sitting below 4% in three states, including Western Australia.

Western Australia's labour market is the strongest of all the states by several measures, including having the fastest annual employment growth and lowest unemployment rate of 3.3%.

The Western Australian underemployment rate, those employed who want to work more hours, of 5.5% was also well below the other states, while the employment to population ratio of 66.8% and participation rate of 69.1% were the highest.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	9.7	4.5	3.3
New South Wales	20.6	2.5	3.8
Victoria	-4.1	3.6	4.4
Queensland	15.7	4.1	3.9
South Australia	5.3	1.3	4.2
Tasmania	-0.3	-2.7	4.3



Comment

The employment numbers for December were even more keenly awaited by the market than usual following the RBA's switch to more dovish messaging that saw traders price in a 70% probability of an RBA interest rate cut in February, its first meeting of 2025.

The report shows that the Aussie labour market remained strong at the end of 2024 although, as the RBA pointed out in the minutes of the December Board meeting, much of the strength in employment growth over the past year has been driven by the non-market sector (industries that are largely driven by government spending).

Nevertheless, the unemployment rate remains below the RBA forecast of 4.3% in its November Statement on Monetary Policy and well below its full employment estimate of around 4.5%, suggesting labour market tightness remains a key argument against a February interest rate cut.

With the Q4 CPI report later this month expected to see a further easing in underlying inflation, traders are hanging on to their pricing for a February interest rate cut, which remains 70% priced in.

16 January 2025