

Labour Force January 2025

Employment and Hours Worked

Employment saw another solid gain of 44.0k in seasonally adjusted terms in January, following an upwardly revised increase of 60.0k in the previous month.

The annual rate of employment growth accelerated to 3.5%, the fastest since May 2023.

In contrast to December, the rise in employment was again driven by full-time jobs (+54.1k), while part-time employment fell by 10.1k.

Aggregate hours worked ebbed by 0.4% but were up 5.9% YoY.

Monthly trend employment growth, which looks through month-to-month volatility, was 33.7k in January while trend growth in hours worked was 0.1%.

Australia (Seasonally Adjusted)	Jan ('000)	Dec ('000)	YoY (%)
Total	44.0	60.0	3.5
Full Time	54.1	-23.7	3.5
Part Time	-10.1	83.7	3.5
Aggregate Hours Worked (%)	-0.4	0.6	5.9
Participation Rate (%)	67.3	67.2	-
Unemployment Rate (%)	4.1	4.0	-

Unemployment, Underutilisation and Participation

The unemployment rate ticked up by 0.1ppts to 4.1% in seasonally adjusted terms, but was unchanged at 4.0% in trend terms.

Gains in both employment and unemployment translated into a 0.1ppts uptick in the seasonally adjusted participation rate to a new record high of 67.3%.

The underemployment rate remained unchanged at a near two-year low of 6.0%, both in seasonally adjusted and trend terms. The seasonally adjusted underutilisation rate, which combines unemployment and underemployment, ticked up by 0.1ppts to 10.1%.

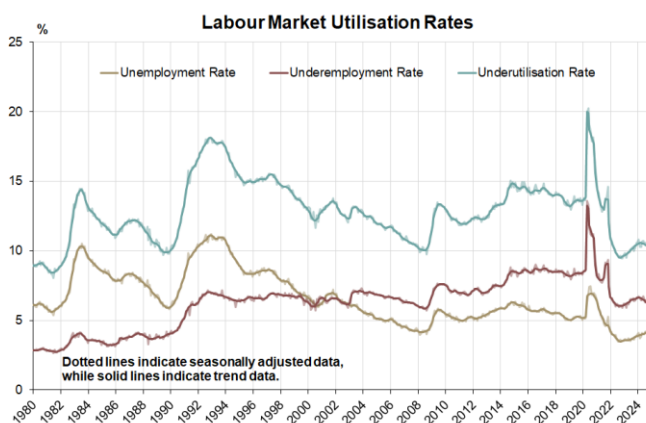
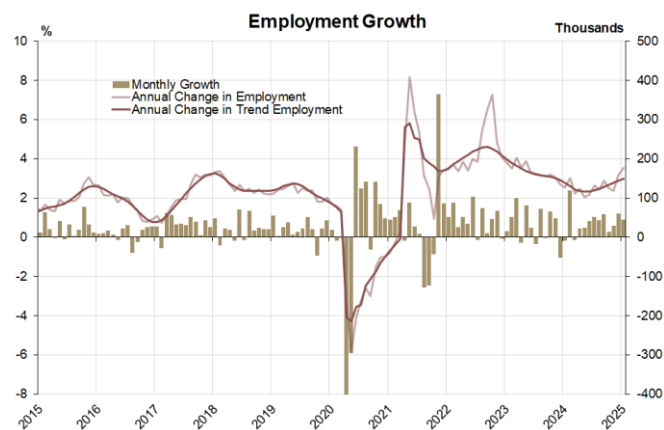
The States

Employment was mixed across the states in January, with gains in New South Wales, South Australia, and Tasmania, and declines in all other states.

The unemployment rates rose in all mainland states, with Victoria seeing the highest level of 4.7%.

Western Australian employment ebbed by 0.8k in January, but was up by 4.2% through the year, which is by far the strongest of all the states. The Western Australian unemployment rate rose 0.3ppts to 3.6%, remaining the lowest of all the states, while the participation rate of 69.1% and employment-to-population ratio of 66.6% were the highest.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	-0.8	4.2	3.6
New South Wales	11.0	3.3	4.0
Victoria	-1.8	3.3	4.7
Queensland	-4.0	3.9	3.9
South Australia	19.9	3.7	4.1
Tasmania	7.0	1.9	3.6



Comment

January saw another solid set of labour force numbers, highlighted by a strong increase in full-time employment.

The unemployment rate ticked up slightly, driven by another sharp lift in labour force numbers that saw the participation rate hit a fresh record high. However, some of the increase in unemployment was due to more people than usual with a job who were waiting to start or return to work.

The decline in hours worked, reflected more people than usual working reduced hours, although the fall was the smallest recorded in the past five Januarys and more in line with pre-pandemic levels.

The January labour force report was in line with the RBA's view of the labour market. In the quarterly Statement on Monetary Policy released on Tuesday, the RBA assessed that labour market conditions remain tight, and are tightening by some measures, and revised its unemployment rate forecasts downwards. Insights from the RBA liaison indicate a rise in both hiring and hiring intentions.

Given this, the RBA remains concerned that the labour market might be a source of inflationary pressures, even if the significant deceleration in [wages growth](#) suggests otherwise. Only 46bps rate cuts are still priced in for the remainder of 2025 as of today.

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