

Labour Force September 2024

Employment and Hours Worked

Employment saw another outsized increase of 64.1k in September.

This gain was double the 25.0k pencilled in by the market consensus and the largest since February. It followed a 42.6k increase in August (revised slightly down from 47.5k).

The annual rate of employment growth climbed to 3.1%, the fastest since November 2023. As a result of the strong employment gains, the employment-to-population ratio reached a new record high of 64.4%.

Employment growth was primarily driven by full-time jobs (+51.6k), while part-time employment gained 12.5k.

Aggregate hours worked rose by 0.3%, to be up 2.4% through the year.

Australia (Seasonally Adjusted)	Sep ('000)	Aug ('000)	YoY (%)
Total	64.1	42.6	3.1
Full Time	51.6	-5.9	2.6
Part Time	12.5	48.5	4.2
Aggregate Hours Worked (%)	0.3	0.4	2.4
Participation Rate (%)	67.2	67.1	-
Unemployment Rate (%)	4.1	4.1	-

Unemployment, Underutilisation and Participation

The seasonally adjusted unemployment rate was steady at a downwardly revised 4.1% in September, while the participation rate rose to a new record high of 67.2%.

The underemployment rate fell back to 6.3% in September. The underutilisation rate, which combines unemployment and underemployment, declined 0.2ppts to 10.4% (the lowest level since March).

The States

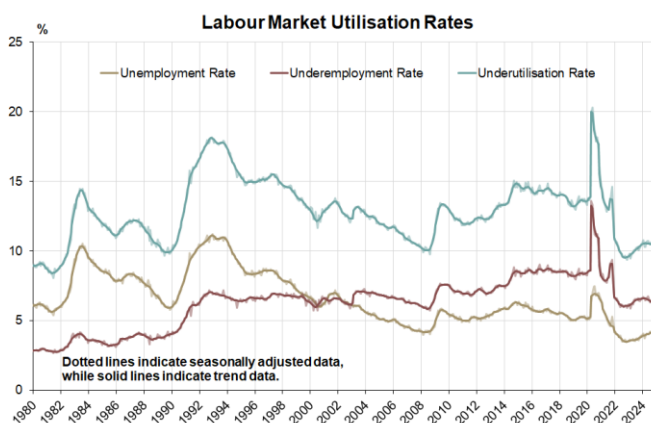
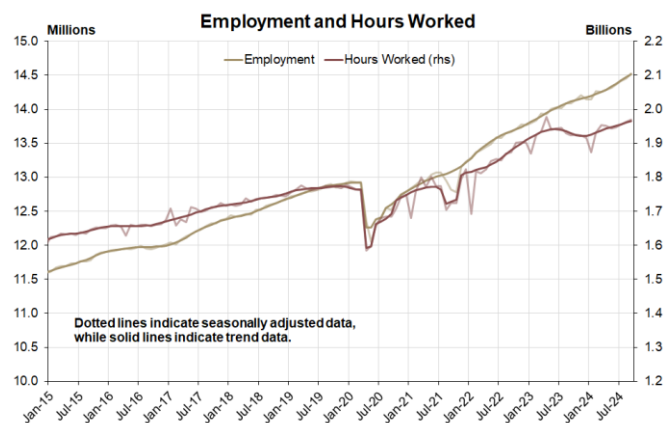
Employment rose in all states, with Victoria seeing the largest percentage gain of 0.6% (+21.7k) and Queensland registering the smallest percentage increase of 0.3% (+8.2k).

The unemployment rates declined in all states except for South Australia, which saw a 0.4ppts increase to 4.3%. The strongest decline in the unemployment rate was registered in Tasmania (-0.4ppts to 4.0%).

Western Australian employment saw a solid increase of 0.5% (+8.3k) in September, while the unemployment rate fell 0.3ppts to 3.6%, which is the lowest level of all the states.

Western Australia continues to boast the highest participation rate and employment-to-population ratio of all the states, of 68.8% and 66.3%, respectively.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	8.3	3.5	3.6
New South Wales	23.1	2.6	3.8
Victoria	21.7	4.2	4.4
Queensland	8.2	4.0	4.1
South Australia	3.8	-0.2	4.3
Tasmania	1.4	-2.1	4.0



Comment

The September labour force survey saw another strong employment gain, with little sign of weakness.

Looking through temporary volatility, trend employment continues to climb at a solid pace of 0.3% MoM and 2.9% YoY, while the trend unemployment rate remains very low at just 4.1%.

That said, labour market conditions tend to lag the business cycle, which has been in a slowdown phase for some time. In addition, the current strong employment gains are partly fuelled by increased migration, while the detailed quarterly industry breakdown has shown that government dominated industries are also making a significant contribution to employment growth.

The large upside surprise to employment figures in September triggered a slight scaling back of cash rate cut expectations. Currently, a 25bps cut in February is around 80% priced in, compared to nearly 100% before the release.

However, this report is hardly any news for the RBA, which continues to judge that the labour market is running at stronger than full employment, which prevents them from considering rate cuts despite progress in disinflation.

17 October 2024