

Employment and Hours Worked

Employment rose by 39.7k in May, somewhat more than the 30.0k expected by market participants. This followed a downwardly revised 37.4k gain in April (originally 38.5k).

The annual rate of employment growth decelerated back to 2.5%.

The job gains in May were driven by full-time employment, which rose 41.7k following a 7.6k decline in the previous month. Part-time employment ebbed by 2.1k, after a 45.0k increase in April.

Aggregate hours worked declined 0.5%. According to the ABS, this reflected absences due to sick leave again being larger than before the COVID-19 pandemic.

Australia (Seasonally Adjusted)	May ('000)	Apr ('000)	YoY (%)
Total	39.7	37.4	2.5
Full Time	41.7	-7.6	1.0
Part Time	-2.1	45.0	6.2
Aggregate Hours Worked (%)	-0.5	-0.2	0.6
Participation Rate (%)	66.8	66.8	-
Unemployment Rate (%)	4.0	4.1	-

Unemployment, Underutilisation and Participation

The unemployment rate declined 0.1ppts to 4.0%, in line with market expectations. The participation rate remained unchanged at the upwardly revised level from April (66.8%).

The underemployment rate and the underutilisation rate (which combines unemployment and underemployment) remained unchanged at 6.7% and 10.7%, respectively.

The States

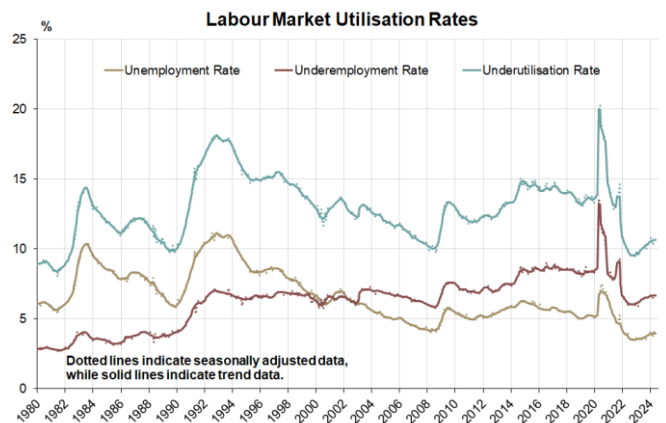
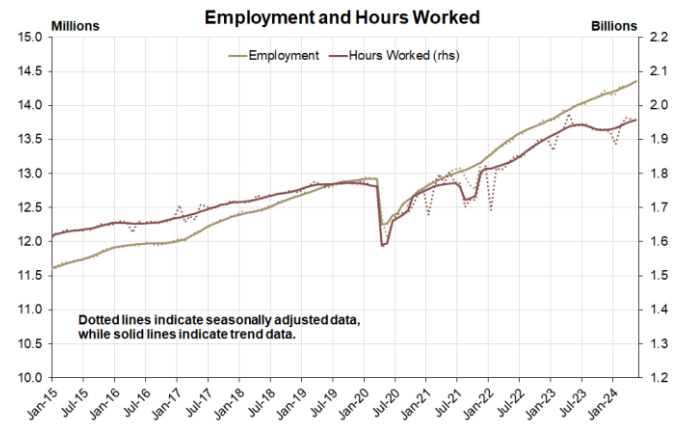
Seasonally adjusted employment rose in all states except Queensland and South Australia.

The unemployment rate declined in all mainland states but Victoria and Queensland. Victoria saw a slight 0.1ppts uptick in the unemployment rate to 4.4%, which was the highest level of all states. The unemployment rate was unchanged at 4.0% in Queensland.

Western Australia saw the strongest gain in employment of all states, both in monthly (+28.0k) and annual terms (+4.9% YoY).

The Western Australian unemployment rate of 3.6% was again the lowest of all states. The Western Australian participation rate (69.2%) and employment-to-population ratio (66.7%) remained by far the highest of all states.

States (Seasonally Adjusted)	MoM ('000)	YoY (%)	Unemployment Rate (%)
Western Australia	28.0	4.9	3.6
New South Wales	15.1	2.0	3.8
Victoria	18.0	3.0	4.4
Queensland	-6.3	3.6	4.0
South Australia	-3.4	-1.5	4.0
Tasmania	2.0	-0.7	4.1



Comment

The May labour force survey results were another set of solid numbers.

As previously indicated by the ABS, there was a large number of people waiting to start a job in April, and another sound gain in employment in May is a reflection of that.

The post-pandemic change in the seasonal patterns was reflected in hours worked, which declined due to more sick leave taken by workers.

Looking through the monthly volatility, there is a steady trend of easing conditions in the labour market.

The trend unemployment rate picked up to 4.0%, which is the highest level since February 2022.

Trend underemployment and underutilisation rates were unchanged in May, but somewhat above the lows from 2022.

The May labour force survey provided no news to the RBA, showing that labour market conditions are still tight but easing. Markets continue not to expect any rate cuts from the RBA in 2024.

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