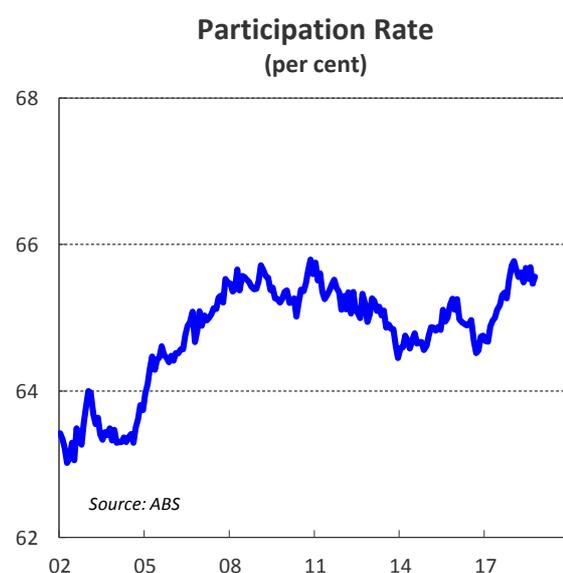
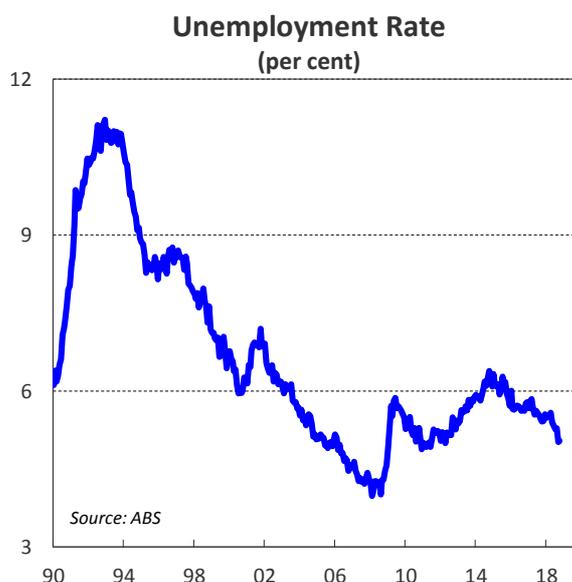


## Labour Force

### Drum of Jobs Still Beating Strong

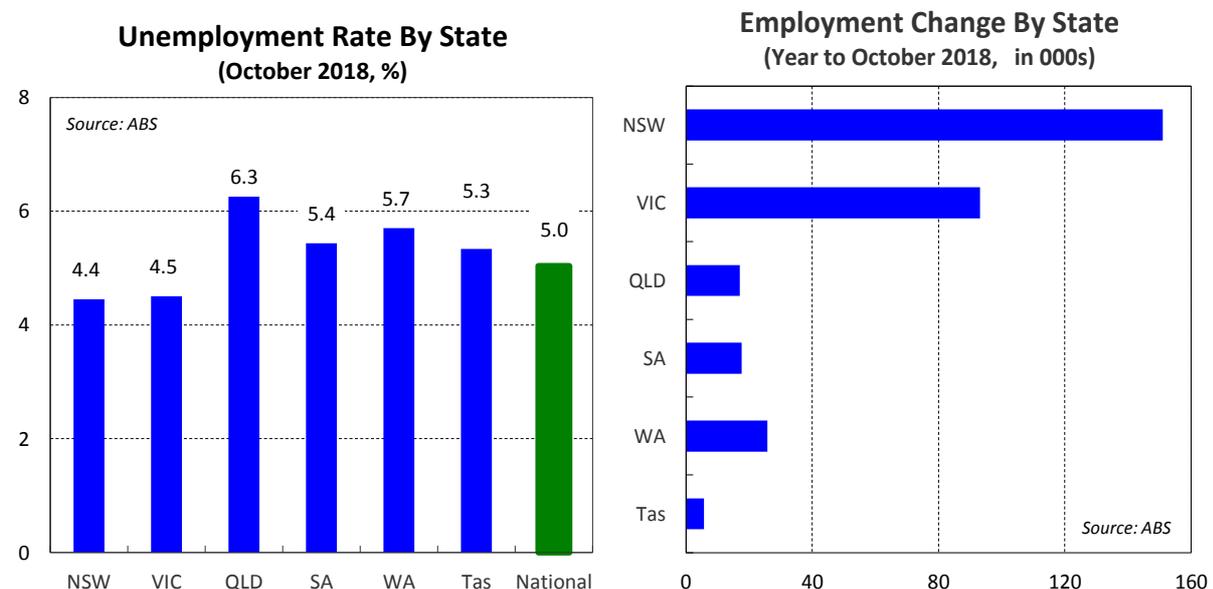
- Employment grew a solid 32.8k in October, indicating that the strength in the labour market is continuing. It followed a modest increase of just 7.8k in September, but on average, employment gains have been healthy. Over the past six months, employment has averaged 26.2k per month.
- The strength is continuing to be concentrated in full-time work. Full-time jobs grew 42.3k in October, the fifth consecutive increase in excess of 20k. Meanwhile, part-time jobs fell 9.5k, following a 16.8k decrease in September.
- Despite the strong job gain in the month, the unemployment rate held steady at a six-year low of 5.0% in October. The participation rate rose from a revised 65.5% in September to 65.6% in October.
- In October, the bulk of the job gains were in NSW. Modest gains were in South Australia, Western Australia and Tasmania. Victoria and Queensland recorded declines in the month.
- Some softening in business conditions and job ads would suggest some moderation in job growth from the near-30k gains over recent months. There are also downside risks to the domestic economy from the downturn in housing and weakness in the outlook for consumer spending. However, business conditions remain at above-average levels and recent momentum in the domestic economy highlights a risk that the unemployment rate will fall further.



Employment grew a solid 32.8k in October, indicating that the strength in the labour market is continuing. It followed a modest increase of just 7.8k in September, but on average, employment gains have been healthy. Over the past six months, employment has averaged 26.2k per month. If this rate of employment growth continued, it would be enough to place downward pressure on the unemployment rate if the participation rate were to hold steady.

The strength is continuing to be concentrated in full-time work. Full-time jobs grew 42.3k in October, the fifth consecutive increase in excess of 20k. Annual growth in full-time jobs edged up from 2.6% in September to 2.8% in October, the strongest in six months. Meanwhile, part-time jobs fell 9.5k, following a 16.8k decrease in September.

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### States and territories

In October, the bulk of the job gains were in NSW (16.3k). Modest gains were in South Australia (7.7k), Western Australia (3.1k), and Tasmania (2.3k). Victoria (-3.5k) and Queensland (-3.2k) recorded declines in the month.

In annual terms, NSW (151.0k) is powering ahead of other States. There were however relatively firm job gains in Victoria (93.1k) followed by Western Australia (25.8k), South Australia (17.6k), Queensland (17.0k) and Tasmania (5.7k).

The unemployment rate was steady at a 10-year low of 4.4% in NSW, and remained the lowest of all States. The unemployment rate in Victoria edged down from 4.6% to 4.5%, a seven-year low. There were lower unemployment rates in South Australia (from 5.5% to 5.4%), Western Australia (6.0% to 5.7%) and Tasmania (5.7% to 5.3%). Queensland was the only State where the unemployment rate increased (from 6.0% to 6.3%).

On a trend basis, the unemployment rate in the ACT was steady at 3.7%, while the Northern Territory's unemployment rate rose from 4.3% to 4.6%.

## **Outlook**

Some softening in business conditions and job ads would suggest some moderation in job growth from the near-30k gains over recent months. There are also downside risks to the domestic economy from the downturn in housing and weakness in the outlook for consumer spending. Nonetheless, business conditions remain at above-average levels and recent momentum in the domestic economy highlights a risk that the unemployment rate will fall further.

That being said, there is still likely spare capacity within the labour market, as indicated by the ongoing subdued pace of wage growth (confirmed yesterday) and elevated levels of labour force underutilisation. Indeed, the RBA highlighted this point in its latest Statement on Monetary Policy released last Friday. The RBA also stressed the uncertainty surrounding the estimate of the unemployment rate at full-employment.

Focus will continue to be on wage pressures for indications of labour market tightness. We will be watching for any pickup in wage pressures, but we expect global and structural factors will keep wage growth subdued. The experience from overseas suggests technological change and competition would continue to prevent firms from lifting wages substantially.

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