

Labour Force – November 2009

ECONOMIC ALERT

10 December 2009

KEY POINTS

Employment

- National employment rose strongly in November, by 31,200 to 10,868,200 (seasonally adjusted).
- The rise in total employment was underpinned by a solid increase in full-time employment, a third consecutive monthly increase, by 30,800 to 7,627,400 in November.
- Part-time employment rose marginally by 300.
- Annual employment growth lifted significantly in November, rising from 0.2% in October to 0.6%.
- Annual part-time employment growth has moderated from a peak of 6.4% in July to 5.3% in November. The rate of contraction in annual full-time employment has eased from a peak of 2.8% in August 2009 to 1.2% in November.
- Reflecting the improvement in conditions in the labour market, aggregate monthly hours worked rose by 0.9% in November.

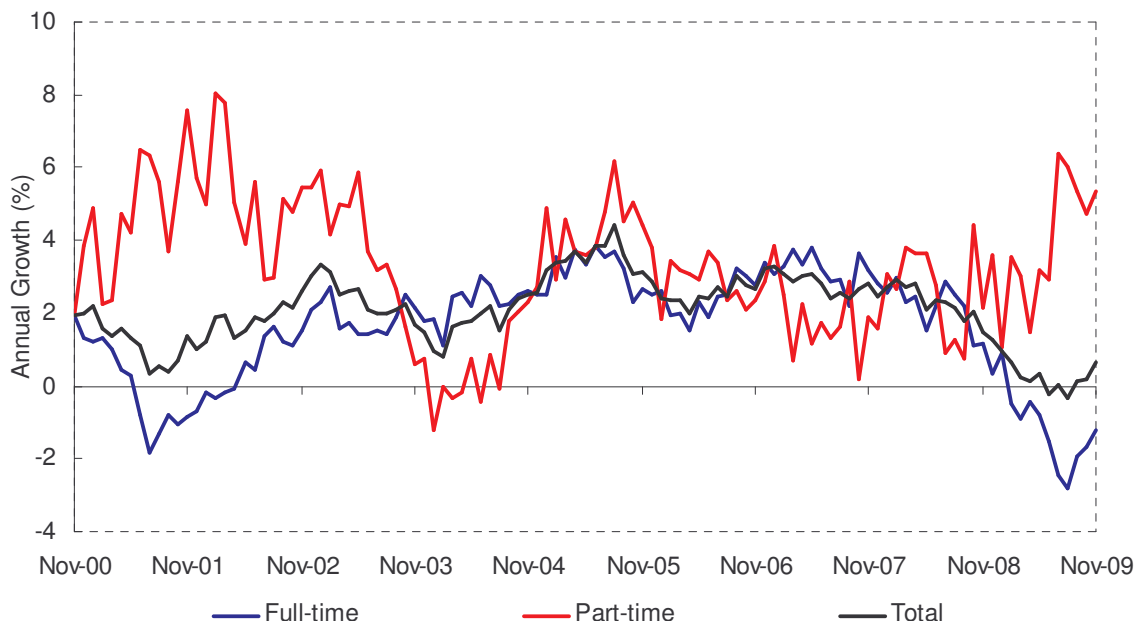
National unemployment rate

- The unemployment rate fell by 0.1 percentage points to 5.7%, reflecting the solid employment performance. Contributing to the lower unemployment rate, the labour force participation rate fell slightly to 65.2%.

The states

- Seasonally adjusted, total employment rose in Victoria (+23,700); Western Australia (+3,000); and New South Wales (+2,500). Employment fell in Queensland (-8,400); South Australia (-900) and Tasmania (-600).
- Unemployment rates ranged from 6.1% in Queensland; 6.0% in New South Wales; 5.5% in South Australia; 5.4% in Victoria; 5.4% in Tasmania; and 5.2% in Western Australia.

Chart: Employment Growth



Policy implications

- The labour market has continued to show signs of improvement over recent months. This reflected in rising job vacancies, higher aggregate hours worked and an increase in full-time employment.
- It is difficult to judge at this stage, whether or not the improvement in the labour market will be sustained. It may be the case that recent improvement reflects the lagged benefits of strong macroeconomic policy stimulus on consumer spending and the housing sector, which are showing signs, in retail trade and housing finance data, of fading.
- However, while the unemployment rate is likely to drift further upward (the Commonwealth Treasury in their November MYEFO have forecast a peak rate of 6.75% in the June quarter 2010), the strength in recent job vacancy figures suggest that the rise will be significantly lower than previously expected.
- Today's labour force numbers suggest that the Reserve Bank will continue to lift the official cash rate modestly in the first few months of next year.