

KEY POINTS

Employment

- **NOTE: This month’s ABS Labour Force release contains significant revisions from last month, reflecting the ABS’ review of population data. After the revisions, the labour force data present a moderately softer level of growth in employment than recorded in the data pre- revision of the population statistics.**
- National employment increased by 23,500 (2.7%) to 11,235,700 in July (seasonally adjusted), slightly above market expectations of a rise of 20,000.
- The rise in total employment was underpinned by a rise in part-time employment, by 27,700 to 3,369,400, which more than offset a modest 4,200 drop in full-time employment, to 7,866,400.
- Annual total employment growth eased in July, from 2.9% in June to 2.7% in July.
- Annual growth in full-time employment increased slightly, up from 2.2% in June to 2.3% in July, while annual growth in part-time employment eased to 3.8% from 4.3% in June.
- Aggregate monthly hours worked in July fell 7.2 million hours (-0.5%) to 1,578.5 million hours.

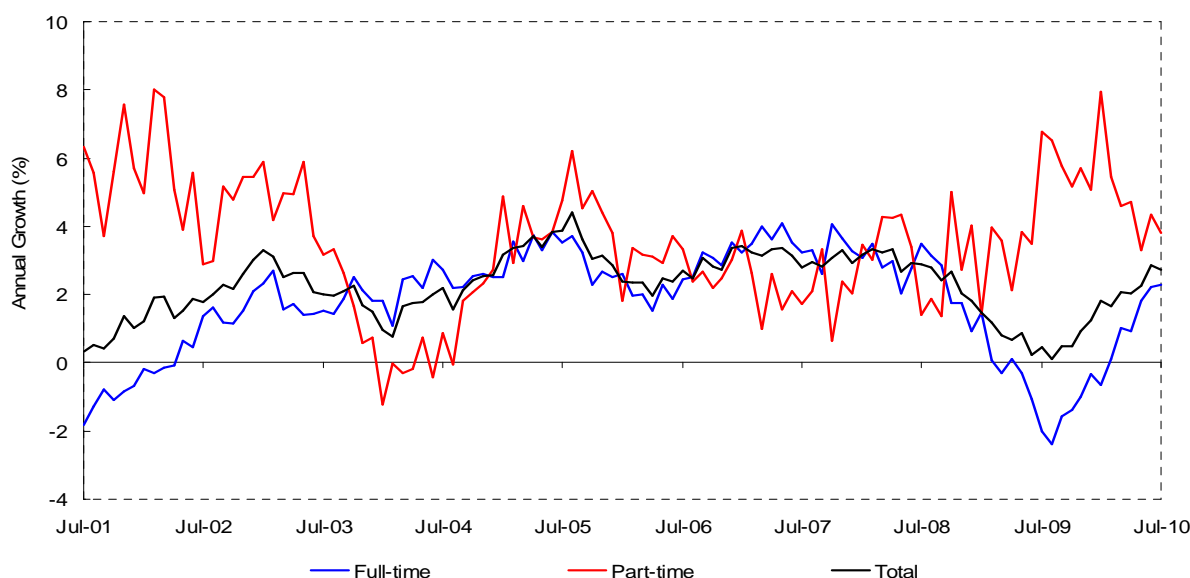
National unemployment rate

- The unemployment rate rose from 5.1% in June to 5.3% in July. The labour force participation rate rose 0.2 percentage points to 65.5% in July.

The states

- Seasonally adjusted, total employment rose in New South Wales (+16,400); Victoria (+9,800); and South Australia (+4,400). Employment fell in Queensland (-6,700); Western Australia (-3,300); and Tasmania (-1,000).
- Unemployment rates ranged from 6.5% in Tasmania; 5.6% in New South Wales and Queensland; 5.5% in Victoria; 5.1% in South Australia; and 4.4% in Western Australia.

Chart: Employment Growth



Policy implications

- Revisions to recent labour market data reflecting ABS revisions to population estimates mean that the labour market has been less robust than previously thought. For example, growth in full time employment, which was estimated at 2.7% in June, is now estimated at 2.2%, albeit remaining a solid performance.
- This, along with the slight lift in the unemployment rate from 5.1% to 5.3%, which reflected a rise in job-seekers rather than falling employment, suggests that there remains some available capacity on the supply-side of the economy.
- Other recent partial economic data, highlighting softness in retail turnover, business confidence and housing finance demand also indicate some patchiness on the demand side.
- Taken together the recent demand and supply side data suggest that wages and inflationary pressures may remain reasonably modest, supporting the RBA's view that underlying inflation will remain within its target range over the coming year.
- This provides further reason for the RBA to continue to assess incoming data before making any further moves to increase the official cash rate.