

Robust employment growth helps to sustain economic recovery

Employment in the Australian economy increased by a higher-than-expected 29,700, led by the 43,800 rise in part-time employment. Full-time employment, however, declined by 14,100, which partially offset the strong rise in full-time jobs in September. Employment growth reached 0.3% in the month, slightly lower than the 0.4% growth recorded in September.

Despite the strong rise in employment, Australia's unemployment rate rose to 5.4% in October, up from 5.1% in September due to the 0.3% rise in the participation rate, which rose to a record high of 65.9% as sidelined workers rejoined the labour market.

The strength of recent labour market outcomes underscores the solid economic recovery in Australia. An annual jobs growth of 3.4% will help to support the growth in household incomes and sustain the recovery. Against the backdrop of high terms of trade, a pipeline of significant resources sector investment projects and diminishing spare capacity in the labour market, the Reserve Bank of Australia could be prompted to raise interest rates further, and the Australian dollar is likely to strengthen even more in the coming months.

Chart: Employment Growth and Unemployment Rate in Australia

