

KEY POINTS

Job Market Weakens in November

- Employment declined by a seasonally adjusted 6,300 in November 2011, well below market expectations which pointed to growth of 10,000. The seasonally adjusted Australian unemployment rate increased 0.1 percentage points to 5.3 per cent in November.
- The decrease in employment was driven by a 0.5% (39,900) fall in full-time employment, the largest decline in seven months. This was partially offset by a 1.0% (33,600) increase in part-time employment. This indicates that jobs in this component may be picking-up after exhibiting weakness in previous months.
- Reflecting the weakening in full-time employment, the number of hours worked in the month fell by 11.3 million to 1.6 billion.
- While today’s decline was much worse than consensus expectations, some pullback in employment growth was likely to due to the robust gains recorded over the previous two months. The labour market had gained 35, 800 jobs over the two months to October 2011.
- Over the year to November, the pace of overall jobs growth moderated to 0.4% in November from 0.9% in the previous month. This is the most subdued annual rate of growth since August 2009.

Implications

- The fall in total employment in November shows that the labour market overall remains soft. Heightened uncertainty in the global economic outlook and on-going turbulence in financial markets has dented business confidence and is weighing on hiring intentions.
- Overall, the soft jobs data together with the significant downside risks posed by developments in Europe provide further room for the Reserve Bank of Australia (RBA) to lower interest rates further in the near term.

