



November 2023

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

Providing monthly updates and expert insights and analysis around key labour market indicators.

- Surprise pre-Christmas jump in full-time employment: up by 0.6% in November
- Participation rate leaps to 67.2 per cent, 0.2ppt
- MYEFO projections banking on deteriorating jobs growth in coming quarters

Jobs figures strong, but estimates not to be taken literally

The Labour Force Survey estimates for November mark one of those occasions where it may be advisable to defer to the trend estimates. The seasonally adjusted estimates suggest a national monthly increase of 61,500 in employment on top of a solid rise of 42,700 in October. Almost all of the increase came in the form of full-time jobs, pointing to strong ongoing labour demand in Australia.

Despite this strong employment growth, the flows of people into the labour market pushed the unemployment rate up 0.1ppt to 3.9 per cent as the participation rate hit another record high (67.2 per cent), combined with the working-age population rising by another 48,200 persons. As we noted last month with respect to WA, much of the variation in the seasonally adjusted estimates appears to come from variability in the male participation rate. For Australia, that rate is estimated to have dropped dramatically from 71.7 per cent to 71.0 per cent from August to September 2023, and rebounded back to 71.7 per cent over the past two months. This change in the male participation rate would account for around half of last month's estimated national jobs increase.

In NSW, the male participation rate leapt by 1.1ppt in November, to 71.9 per cent. This accounts for almost all of the national increase in employment (+52,800 people). Were this rate of growth to be maintained, NSW would see annual jobs growth reaching an unlikely 15 per cent overall, and 22 per cent for men. This is not going to happen. We suspect some statistical volatility in the seasonally adjusted figures for NSW which, given the size of that State's population, has had a major effect on national estimates.

The trend estimates show total employment increasing nationally by 35,600 persons, or 0.2 per cent for the month, and more moderate growth in full-time employment of 12,100 persons (0.1 per cent). The trend unemployment rate remained unchanged in November at 3.8 per cent. Taken together with resilient vacancy figures, the labour market appears to be maintaining its momentum.

While we caution against reading too much into November's seasonally adjusted employment figures, another month with no hint of the anticipated downturn in response to tighter monetary policy is significant. November's figures won't have added to expectations for

interest rate relief early in 2024, or even erased the chance of one more rise in the current monetary policy cycle. Equally, don't be too taken in by claims that the downturn has started if there's a drop in employment next month - this could well just be a correction to this month's volatility.

Update to the Treasury's economic outlook

The November Labour Force Survey figures were released just a day after the Commonwealth Treasury released the update to their economic projections in the Mid-year Economic and Fiscal Outlook 2023-24 (MYEFO). As foreshadowed in recent MLMUs, the updated forecasts show a more robust labour market than was anticipated in the budget forecasts, and monetary policy tightening taking longer to take effect. This includes higher expected employment growth for 2023-24 (revised from 1 per cent in the budget to 1.5 per cent in MYEFO), a higher participation rate for the June 2024 quarter (66.25 per cent revised to 66.75 per cent) and, critically, a higher 2023-24 inflation rate (3.25 per cent revised to 3.75 per cent).

Perhaps surprisingly, MYEFO did not also revise down the estimate of the unemployment rate for the June Quarter of 2024 (still projected to be 4.25 per cent). As much as we caution about reading too much into the November labour force figures, the MYEFO employment growth and participation rate estimates already look a bit conservative. For those projections to be realised, employment growth would have to stall, and the number of Australians in work contract by around 20,000 between now and June, and the participation rate would need to fall by around 0.5ppt.

MYEFO also maintains expectations of a return to real wage growth, with the forecast growth in the Wage Price Index to the June Quarter 2024 unchanged at 4 per cent, which is above the upward revision to 3.75 per cent for the Consumer Price Index. This seems one of the more contentious projections. Real wages did rise marginally following indexation to award rates in the September quarter 2023, largely due to high inflation in the preceding year. In general, however, wages are playing catch-up and are not rising faster than prices. If they did, that would throw the inflation forecasts into further doubt, along with prospects for interest rate cuts in the first half of 2024.

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Labour market fundamentals

Key takeaways

- Nationally, the number of employed persons increased by 61,500 persons.
- This resulted from 57,000 more full-time workers and 4,500 more part-time workers.
- At 67.2 per cent, the national participation rate surpassed the previous record by 0.2ppt.

The Australian labour market saw an increase of 61,500 in the number of employed workers in November (Table 1). The increase was a result of a substantial 57,000 increase in full-time employment along with a slight increase of 4,500 workers in part-time positions.

The upward trend in full-time positions was led by three of the larger states: NSW with 22,100 more full-time workers, followed by VIC (+20,700) and WA (+17,000). Changes in the number of part-time workers were more mixed, with Victoria leading the downward trend with 7,400 fewer workers, followed by WA (-4,300) and the ACT (-3,800). The estimates imply a significant increase of 30,700 part-time workers in NSW, followed by QLD with 8,800 more part-timers.

National employment increased by 0.7 per cent for men and 0.1 per cent for women for the month. The strong growth for men was driven by a large 0.9 per cent increase in full-time jobs. Part-time work grew by 0.13 per cent for women and 0.05 per cent for men over the past month.

As shown in Figure 1, the number of men working full-time rose in most states and territories. But the picture is more mixed when we look at the number of women employed full-time, with VIC and SA seeing increases (+0.3 per cent for the former, and +0.8 per cent for the latter), while NSW, QLD, and WA saw declines (-0.1 per cent for the former, -0.4 per cent for the latter two). The highest increase in female part-time workers was in NT (+6.9 per cent), followed by WA and TAS (both +2.3 per cent).

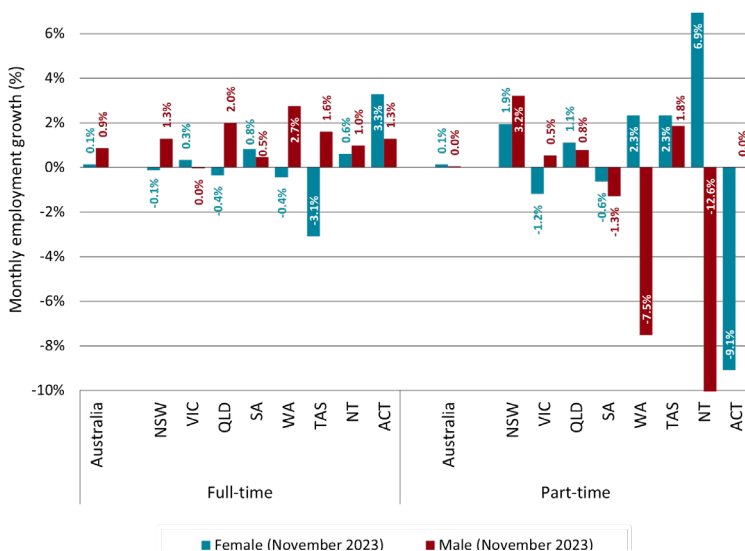
At 67.2 per cent, the national participation rate increased 0.2ppt to a new record high. This was driven a 0.4ppt increase in men’s participation (to 71.7 per cent), the second consecutive increase since a sudden drop from 71.7 per cent in August to 71.0 per cent in September. The female participation rate remained at its record high of 62.9 per cent. NSW and TAS led the way in rising male participation, both evidencing a 1.1ppt increase, followed by QLD (+1.0ppt). NT saw the highest participation increase for women, with a 1.5ppt increase (to 71.0%), countered by falls in TAS and SA.

Table 1: Employment changes – states and territories

	Employed Persons ('000)	Change from:				Change from October 2023 ('000)		Change (%) from November 2022	
		November 2023	October 2023 ('000)	Rank	November 2022 (%)	Rank	Full-Time	Part-time	Full-Time
Australia	14,257.5	+61.5	--	▲ +3.2%	--	+57.0	+4.5	▲ +2.7%	▲ +4.4%
NSW	4,460.3	+52.8	1	▲ +2.6%	6	+22.1	+30.7	▲ +2.9%	▲ +2.0%
VIC	3,695.4	-4.8	8	▲ +3.6%	2	+2.6	-7.4	▲ +2.3%	▲ +6.6%
QLD	2,885.9	+29.6	2	▲ +3.5%	5	+20.7	+8.8	▲ +2.1%	▲ +6.6%
SA	959.3	+1.0	5	▲ +3.6%	2	+3.7	-2.7	▲ +5.7%	▼ -0.3%
WA	1,594.2	+12.7	3	▲ +4.7%	1	+17.0	-4.3	▲ +3.4%	▲ +7.9%
TAS	286.7	+1.8	4	▼ -1.3%	8	-0.3	+2.2	▲ +0.6%	▼ -4.5%
NT	140.3	+0.5	6	▼ -0.4%	7	+0.9	-0.4	▲ +1.4%	▼ -6.7%
ACT	268.9	+0.5	6	▲ +3.6%	2	+4.3	-3.8	▲ +3.6%	▲ +3.7%

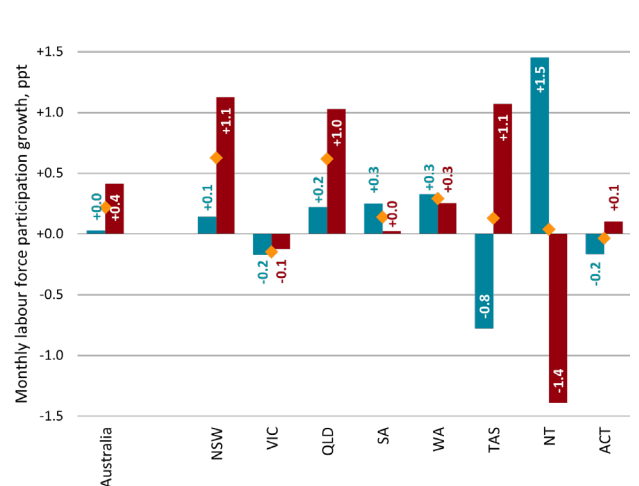
Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 1: Employment growth by state and gender



Notes: Seasonally adjusted values are used. Figures show change from October 2023 to November 2023. ACT and NT values are generally more volatile than other states. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 2: Monthly change in labour force participation



Notes: Seasonally adjusted values are used. Figures show change from October 2023 to November 2023. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Underemployment and unemployment

Key takeaways

- The national unemployment rate increased 0.1ppt to 3.9 per cent.
- Unemployment increased by 0.1ppt for both women (up to 3.7%) and men (up to 4.0%).
- National underemployment increased by 0.2ppt to 6.8 per cent.

The national unemployment rate for November 2023 saw a 0.1ppt increase compared to October, now sitting at 3.9 per cent. At the state level, this growth was driven by increases in VIC (+0.2ppt to 4.0 per cent), QLD (+0.1ppt to 4.4 per cent; the highest out of the states and territories) and SA (+0.3ppt to 3.9 per cent). Meanwhile, WA helped counterbalance these increases with a 0.1ppt decline in unemployment down to 3.7 per cent. NSW continues to have the lowest level of unemployment in the country with a rate of 3.4 per cent, with no change in the rate for November 2023.

At the national level, shifts in unemployment were not biased by gender, with both women and men seeing a 0.1ppt increase in unemployment rates. However, shifts in women’s unemployment were more dramatic than men’s at the state level; with the former seeing a 0.2ppt decrease in NSW (down to 3.3 per cent) countered by a 0.3ppt unemployment rate increase in VIC (up to 3.7 per cent) and QLD (up to 4.5 per cent). Men, meanwhile, saw

a 0.1ppt increase in NSW (to 3.5 per cent) that was only somewhat counterbalanced by a 0.2ppt decrease in the unemployment rate in WA (down to 4.0 per cent).

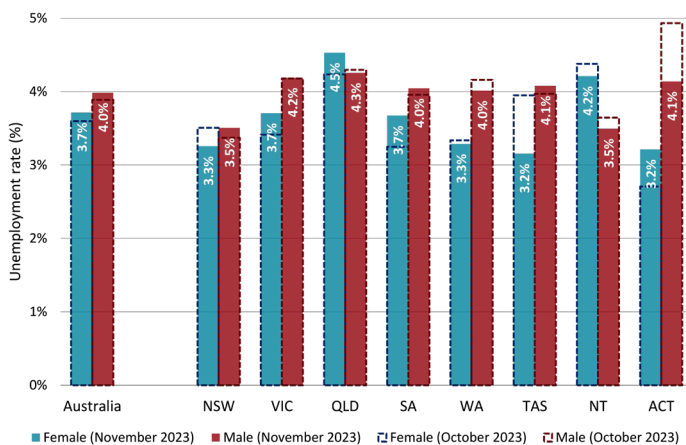
The overall national underemployment rate increased by 0.2ppt from October to November 2023; again, not showing much difference across gendered lines with a similar increase for both women (up to 7.9 per cent) and men (up to 5.8 per cent). Women’s underemployment growth was primarily driven by NSW, which saw a 0.4ppt increase to a rate of 7.6 per cent over the month. This was somewhat counteracted by a 0.4ppt decline in the underemployment rate in QLD (down to 8.3 per cent) and a larger 0.7ppt decline in the rate in SA (down to 8.1 per cent). Women’s underemployment also grew in WA by 0.4ppt, up to 8.4 per cent. Men saw less dramatic shifts in most states, but QLD was an exception, with a very large underemployment rate increase of 1.1ppt, up to 6.3 per cent.

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)	Change ('000) from:	
	November 2023	Rank	October 2023	November 2022		October 2023	November 2022
Australia	3.9%	--	▲ +0.1	+0.5	572.0	▲ +18.8	+81.0
NSW	3.4%	1	▲ 0.0	+0.2	156.5	▼ -0.3	+12.1
VIC	4.0%	7	▲ +0.2	+0.4	152.3	▲ +5.7	+19.6
QLD	4.4%	8	▲ +0.1	+1.1	132.5	▲ +5.2	+37.7
SA	3.9%	6	▲ +0.3	-0.1	38.6	▲ +2.6	-0.3
WA	3.7%	3	▼ -0.1	+0.2	60.9	▼ -1.2	+6.4
TAS	3.6%	2	▼ -0.4	0.0	10.8	▼ -0.9	0.0
NT	3.8%	5	▼ -0.2	+0.6	5.6	▼ -0.2	+0.9
ACT	3.7%	4	▼ -0.2	+1.2	10.3	▼ -0.5	+3.8

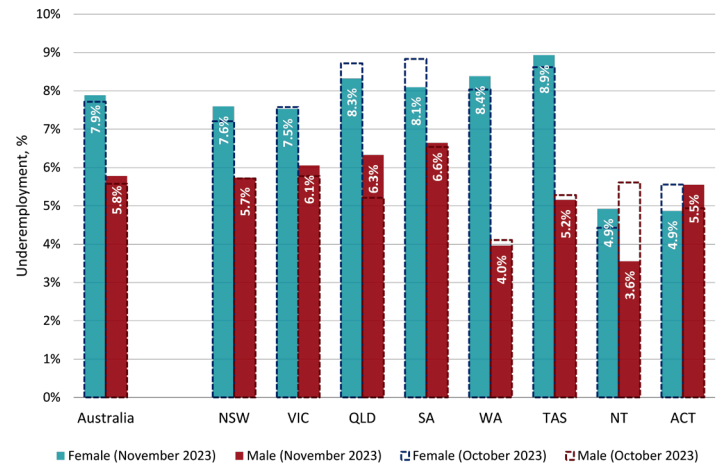
Notes: Seasonally adjusted values are used. State and territory numbers of unemployed people do not sum to the figures for Australia due to ABS seasonal adjustment methods. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 3: Unemployment rate by state and gender



Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Figure 4: Underemployment ratio by gender: states and territories



Notes: Seasonally adjusted values are used. Figures show change from October 2023 to November 2023. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Strength of the labour market

Key takeaways

- Vacancies declined by 0.3% this month, continuing their slow decline.
- Notable decline of 2% for machinery operators and drivers nationally, driven by the eastern states.

The latest Internet Vacancy Index from Jobs and Skills Australia fell by a marginal 0.3 per cent over November 2023, continuing an ongoing decline in job openings across Australia. Shifts at the state level saw some notable variation, however. Much of November's decline was driven by a 3 per cent fall in internet vacancies in NSW, alongside a 1 per cent decline in VIC. Meanwhile, vacancies grew by 3 per cent in SA, and by 1 per cent in WA, which helped counterbalance declines in vacancies elsewhere.

Labourers were the only occupational group to see any noticeable increase in vacancies at the national level over the month, though the growth they saw was still marginal at best (+1 per cent). Machinery operators and drivers saw a 2 per cent decline in vacancies, the most out of any occupation at the national level; driven by a large 7 per cent decline in vacancies in NSW, and a 6 per cent drop in VIC as well, only being counterbalanced by a 3 per cent increase in QLD, a 2 per cent increase in SA and the NT, and a 1 per cent increase in WA.

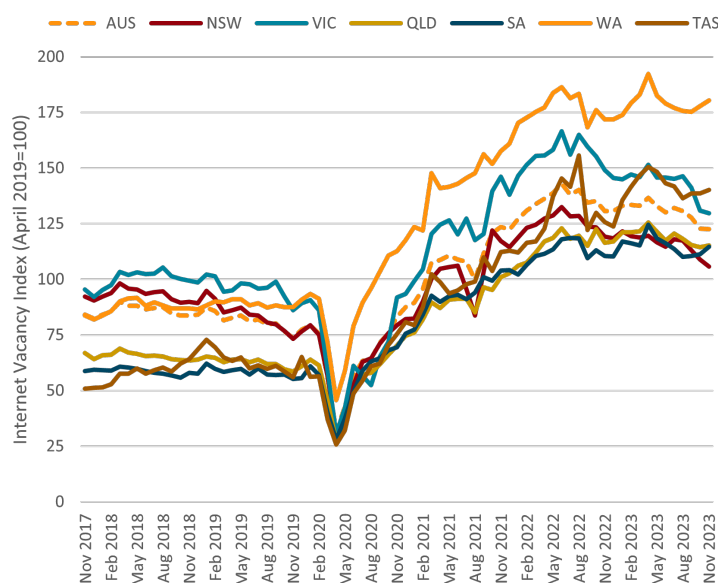
Table 3: Change in Internet Vacancy Index, by Occupation: October to November 2023

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	-1%	+0%	-1%	-1%	+1%	-3%	-0%	-5%	-9%
Professionals	-0%	-3%	+1%	-2%	+3%	-0%	-3%	-9%	-6%
Technicians And Trade Workers	+0%	-1%	-1%	+1%	+5%	+2%	+5%	+11%	-4%
Community And Personal Service Workers	-0%	-6%	+0%	+1%	+2%	+5%	-2%	-4%	-2%
Clerical And Administrative Workers	-0%	-1%	-4%	+1%	+4%	+1%	+5%	-1%	-2%
Sales Workers	-0%	-0%	-7%	+4%	+5%	+6%	+14%	+10%	-8%
Machinery Operators And Drivers	-2%	-7%	-6%	+3%	+2%	+1%	-12%	+2%	-2%
Labourers	+1%	-3%	+0%	+5%	-5%	+5%	+5%	+7%	+6%
Total	-0%	-3%	-1%	+1%	+3%	+1%	+1%	-1%	-3%

Notes: Seasonally adjusted values are used.

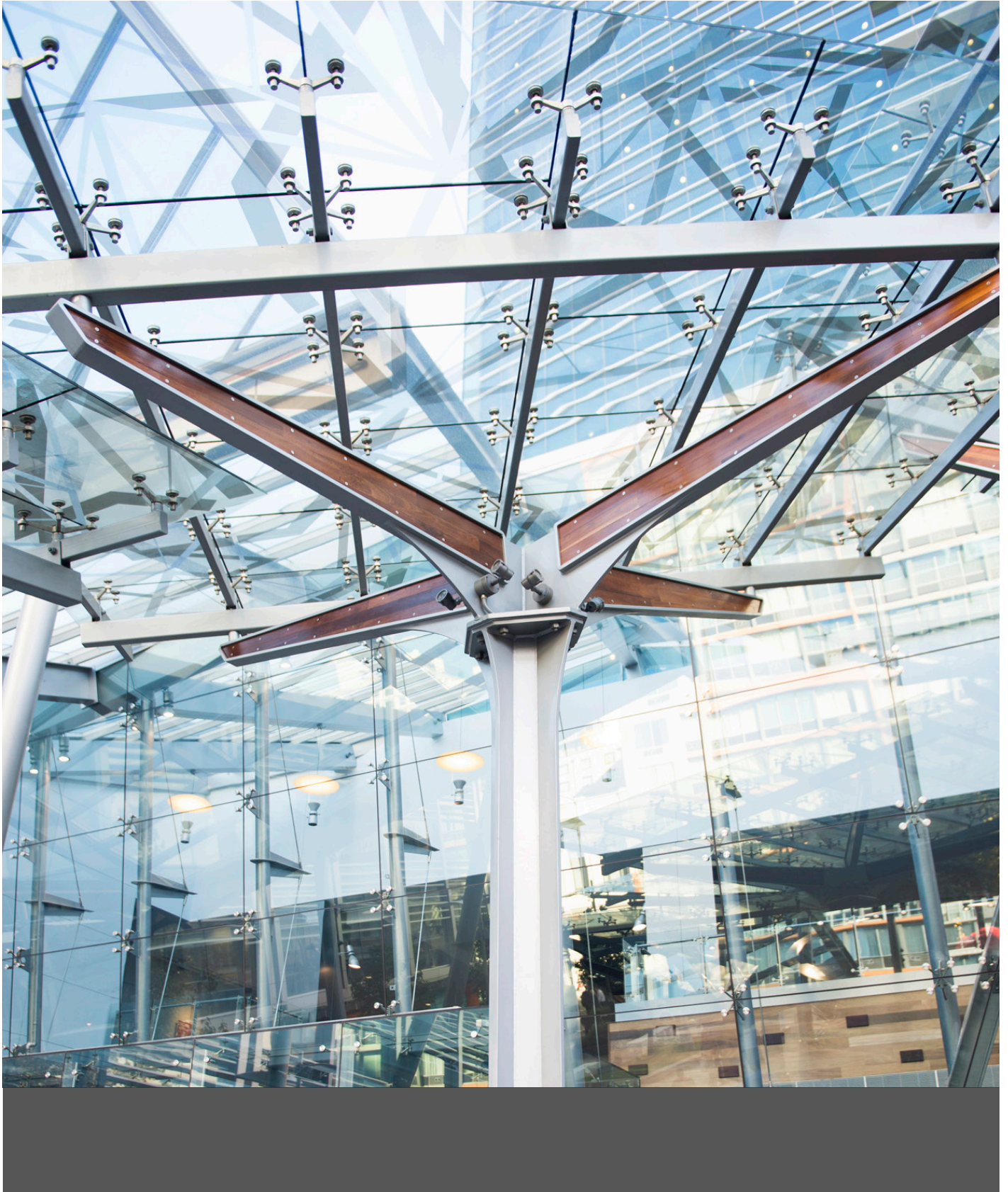
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

Figure 5: Internet Vacancy Index by state: November 2017 to November 2023



Notes: Seasonally adjusted values are used. ACT and NT figures are not shown.

Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.



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