



January 2024

BCEC

Bankwest Curtin Economics Centre

LABOUR MARKET UPDATE

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

- Unemployment rate inches over 4 per cent for first time in two years.
- Other major labour market aggregates largely unchanged.
- Fall in vacancies gaining momentum in eastern seaboard.

Is the Australian labour market holding steady? Or at an inflection point?

After several months of volatile employment figures, the key aggregates for the Australian labour market remained largely unchanged between December 2023 and January 2024. The national unemployment rate increased from 3.9 per cent to 4.1 per cent, and that change will undoubtedly capture most attention in the headlines. Total employment remained essentially static, with the increase of 500 jobs indiscernible in the context of the statistical variability of the estimates. The participation rate held steady at 66.8 per cent. The civilian population swelled by a further 49,000 people and, with no change in employment or participation, much of that growth translated into an increase in the number of unemployed people by 22,300.

A closer look at the national figures reveals a small rise in full-time employment (+11,100 jobs) offsetting a fall in part-time employment (-10,600 jobs). In aggregate, female and male employment remained steady, but for different reasons. For women, a jump in full-time employment more than offset a decline in part-time jobs, while for men a fall in full-time jobs was mostly offset by a rise in part-time employment.

Employment estimates have been highly volatile in recent months, with an unexpectedly large jump in November (72,400 jobs) largely reversed in December (-62,700 jobs). These swings have been associated with changing estimates of the participation rate, and particularly the male participation rate in NSW. January's weak figures can again largely be attributed to NSW, which shed 23,100 jobs and saw a jump in its unemployment rate by 0.6 percentage points to 4.1 per cent. Floods in Queensland may also have affected January's data.

Other data do point to weakening conditions, particularly in the east. The ABS estimate that monthly hours worked in all jobs fell by 2.5 per cent. Vacancies advertised on the internet fell by 2.0 per cent in January but, as we keep stressing, they remain at very healthy levels in historical terms: more than 50 per cent above the 2011-2020 average. Over the past 12 months the internet vacancy indices for the two most populous labour markets - NSW

and Victoria – are both down by over 15 percent.

We anticipated December's drop in employment as a 'correction' to very strong growth estimates in October and November and are reluctant to see it as evidence of a downturn. The flatline in employment in January can be seen in one of two ways: more evidence the labour market has peaked, or more evidence December's job losses were a red herring. It's worth noting the 0.2ppt increase in the unemployment rate was helped by a bit of rounding – there being a hair's breadth in the rounded unemployment rate between 4.0 per cent and 4.1 per cent.

Price inflation moderating, what about wage inflation?

Inflation figures released at the end of last month surprised even the optimists, with the Consumer Price Index increasing by just 0.6 per cent for the December quarter, 2023. This equates to an annual inflation rate of 4.1 per cent, down from a peak of 7.8 per cent in the December quarter of 2022. The Reserve Bank will need to be confident it is heading towards the 2-3 per cent target range for annual inflation before contemplating cutting interest rates.

While the steady decline in the annual inflation rate since the end of 2022 is very much welcomed, the critical question is what rate it will level out at. If quarterly inflation continues at December's rate of 0.6 per cent, annual inflation will be well within the target range by the September quarter of this year. It's not clear yet that the labour market is slowing enough to sufficiently reduce price pressures. A critical indicator to watch is the Wage Price Index, due out next week. The WPI increased by 1.3 per cent for the September quarter 2023 and getting price inflation into the 2-3 per cent target will be difficult to achieve unless wage inflation also moderates.

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Labour market fundamentals

Key takeaways

- Nationally, the number of employed people remained virtually unchanged in January 2022.
- This conceals some compositional changes with 11,100 more full-time workers and 10,600 fewer part-time workers.
- The national participation rate remained unchanged at 66.8 per cent.

The number of employed people nationally remained virtually identical in January 2023, at 14.2 million workers (Table 1). However, this conceals some compositional changes over the month, with an increase in full-time employment of 11,100 positions offset by a fall of 10,600 workers in part-time positions. With employment remaining unchanged over the month and the participation rate also holding steady, this left the field clear for growth in the working-age population to push the unemployment rate from 3.9 per cent to 4.1 per cent. Employment fell sharply in NSW (down 23,100 people) and TAS (down 5,300), but grew in QLD (rising by 3,000 workers over the month) and VIC (up 2,100).

National employment rose 0.1 per cent for women and held steady for men. While full-time employment rose by 0.6 per cent among women, there was a slight fall of 0.2 per cent in full-time employment for men. Male part-time employment rose by 0.7 per cent but dropped by 0.7 per cent for women. Male full-time employment fell in most states and territories, but there was a strong increase in the number of female

full-time workers for SA and NT (3.2% and 1.2%, respectively), offset by reductions of 2.4 per cent and 1.3 per cent in TAS and WA respectively.

The number of women working part-time fell by 4.3 per cent in SA and 2.3 per cent in TAS. However, it is worth noting that estimates for part-time employment tend to be more volatile due to smaller sample sizes, particularly in the less populous states and territories.

At 66.8 per cent, the national participation rate remained steady. The male participation rate dropped fractionally from 71.2 per cent to 71.1 per cent, while the female rate remained at 62.6 per cent (Figure 2). Falling female participation was observed in all jurisdictions except for NSW, increasing 0.4ppt to 61.9 per cent. TAS evidenced the greatest drop by 0.8ppt (to 58.7%), followed by WA with a 0.4ppt decrease (to 64.1%). WA saw the highest participation increase for men, with a 0.4ppt increase (to 74.7%), followed by NSW seeing a 0.5ppt decrease (to 70.4%).

Table 1: Employment changes – states and territories

	Employed Persons ('000)	Change from:			Change from December 2023 ('000)		Change (%) from January 2023		
		January 2024	December 2023 ('000)	Rank	January 2023 (%)	Rank	Full-Time	Part-time	Full-Time
Australia	14,201.3	+0.5	--	▲ +2.6%	--	+11.1	-10.6	▲ +1.3%	▲ +5.5%
NSW	4,397.1	-23.1	8	▲ +1.4%	4	-14.4	-8.7	▲ +1.0%	▲ +2.5%
VIC	3,682.9	+2.1	2	▲ +4.2%	1	+1.3	+0.9	▲ +2.2%	▲ +9.0%
QLD	2,885.3	+3.0	1	▲ +2.6%	3	+4.3	-1.3	▲ +1.7%	▲ +4.6%
SA	945.9	-0.3	5	▲ +1.0%	5	+1.8	-2.1	▲ +0.6%	▲ +1.8%
WA	1,587.3	+0.7	3	▲ +3.7%	2	+0.7	-0.1	▲ +0.0%	▲ +12.6%
TAS	282.9	-5.3	7	▼ -0.9%	8	-3.6	-1.7	▲ +1.3%	▼ -4.7%
NT	140.8	+0.7	3	▲ +1.0%	5	+0.5	+0.2	▲ +3.4%	▼ -7.0%
ACT	263.1	-4.0	6	▲ +0.5%	7	-4.0	+0.0	▼ -0.7%	▲ +3.9%

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

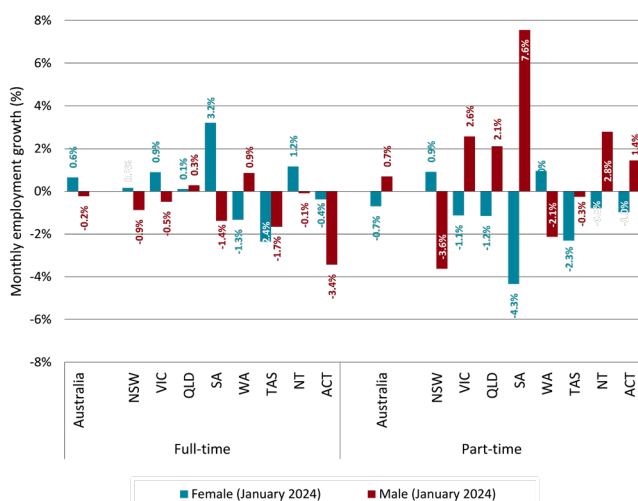
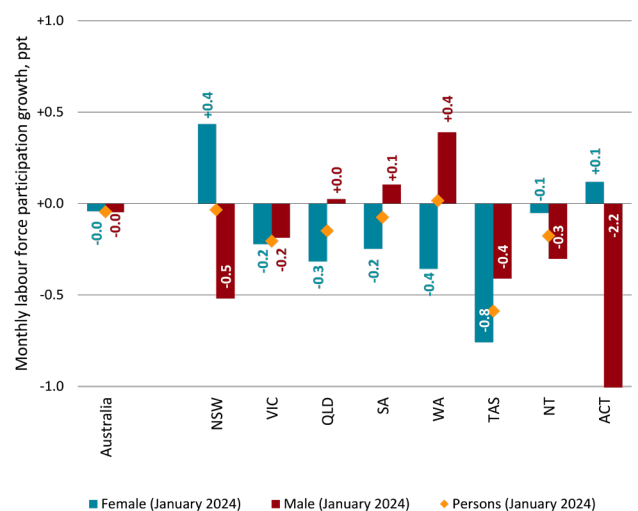
Notes: Seasonally adjusted values are used. Figures show change from December 2023 to January 2024. ACT and NT values are generally more volatile than other states.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 2: Monthly change in labour force participation

Notes: Seasonally adjusted values are used. Figures show change from December 2023 to January 2024.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Underemployment and unemployment

Key takeaways

- The national unemployment rate increased by 0.2ppt to 4.1 per cent in January 2024.
- The unemployment rate for women increased by 0.1ppt, to 4.0 per cent, and rose 0.2ppt to 4.1 per cent for men.
- The national underemployment ratio increased by 0.1ppt to 6.9 per cent per cent; with a slight 0.1ppt increase for women at 8.3 per cent.

The national unemployment rate increased by 0.2ppt to 4.1 per cent in January 2024 (Table 2) with the number of unemployed people increasing by 22,300. Sizeable increases in the unemployment rate were observed for TAS (up 0.9ppt to 4.5 per cent) and NSW (up 0.7ppt to 4.1 per cent). The most substantial increases in the count of unemployed people were observed in NSW (+29,400) and WA (+4,400). NT went against the national trend with a 0.5ppt decrease to 3.9 per cent, followed by VIC and QLD, both of which experienced a marginal 0.1ppt decrease in their unemployment rates to 3.9 per cent and 4.2 per cent, respectively.

The national unemployment rate for women increasing fractionally, rising 0.1ppt to 4.0 per cent over the month with roughly 6,200 more women unemployed (Figure 3).

At the state level, much of this difference was driven by NSW with an increase of 9,400 in the number of unemployed women in the state seeking work compared to December 2023. This translated to a 0.4ppt increase in

the female unemployment rate in NSW, up to 3.9 per cent. Male unemployment in NSW rose by roughly 20,000 over the month, resulting in a 0.8ppt increase to 4.2 per cent unemployment. The number of unemployed men in WA grew by 4,700 in January, lifting the unemployment rate by 0.5ppt to 4.3 per cent.

The national underemployment ratio increased by 0.1ppt to 6.9 per cent per cent this month (Figure 4), with a slight 0.1ppt increase for women (to 8.3 per cent) and 0.2ppt increase for men (to 5.6 per cent).

At the state level, TAS and VIC saw the highest increases in the female underemployment ratio, rising by 1.0ppt and 0.6ppt to 9.9 per cent and 8.7 per cent respectively.

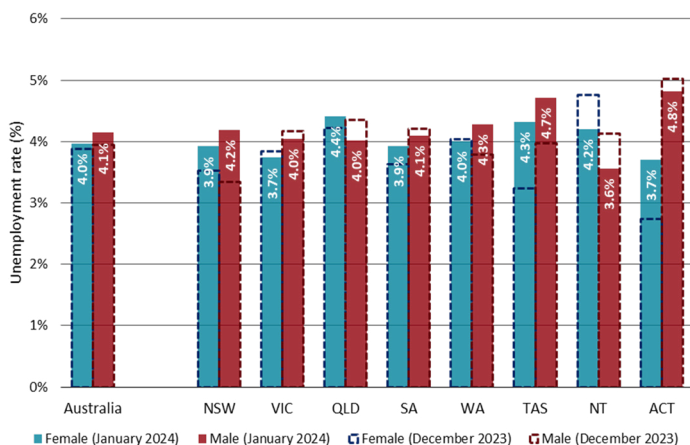
These increases were counterbalanced by a 0.7ppt fall in underemployment in QLD, to 8.4 per cent. Meanwhile, VIC saw the greatest increase in the underemployment ratio for men, increasing by 1.0ppt to 6.1 per cent, followed by SA with a 0.5ppt increase to 7.3 per cent.

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
	January 2024	Rank	December 2023	January 2023	January 2024	December 2023	January 2023	
Australia	4.1%	--	▲ +0.2	+0.5	600.6	▲ +22.3	+77.9	
NSW	4.1%	4	▲ +0.7	+1.0	186.1	▲ +29.4	+46.1	
VIC	3.9%	2	▼ -0.1	-0.1	149.3	▼ -4.4	+1.4	
QLD	4.2%	6	▼ -0.1	+0.4	126.8	▼ -2.4	+16.0	
SA	4.0%	3	▲ +0.1	0.0	39.6	▲ +0.8	+0.6	
WA	4.2%	5	▲ +0.3	+0.7	68.7	▲ +4.4	+12.4	
TAS	4.5%	8	▲ +0.9	+0.5	13.4	▲ +2.6	+1.4	
NT	3.9%	1	▼ -0.5	-0.1	5.7	▼ -0.8	-0.1	
ACT	4.3%	7	▲ +0.4	+0.9	11.7	▲ +0.9	+2.6	

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 December 2023 to January 2024. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Strength of the labour market

Key takeaways

- Vacancies declined by 2 per cent in the new year, down 5 per cent in NSW.
- Technicians and trade workers see largest decline in vacancies nationally, down 5 per cent.
- Average monthly hours worked fell nationwide by 2.5 per cent.

The internet vacancy index fell by 2 per cent over the month of January 2024, continuing its slow and steady decline from the peak observed in April 2022. Regardless, vacancies are still relatively high compared to pre-pandemic levels; particularly in WA, where despite falling 3 per cent in the month of January 2024, vacancies in the state have displayed relatively little decline from the April 2022 peak when compared to the national level.

Many occupations saw a decline in vacancies over the month of January (Table 3). Labourers stood out with a 2 per cent increase in vacancies driven by what seems to be growing demand in NSW (+5%), QLD (+1%), and the NT (+3%). Meanwhile, there was a 5 per cent decline nationally in advertised job vacancies for technicians and trade workers, driven by falls of 7 per cent in NSW, 5 per cent in VIC, 6 per cent in WA, and a full 9 per cent in SA.

There was also a sharp increase of 11 per cent in the number of advertised vacancies for professionals in SA, counterbalancing an 8 per cent decline in NSW.

Average monthly hours worked per worker fell by 2.5 per cent over January 2024, down to 131.8 hours per worker.

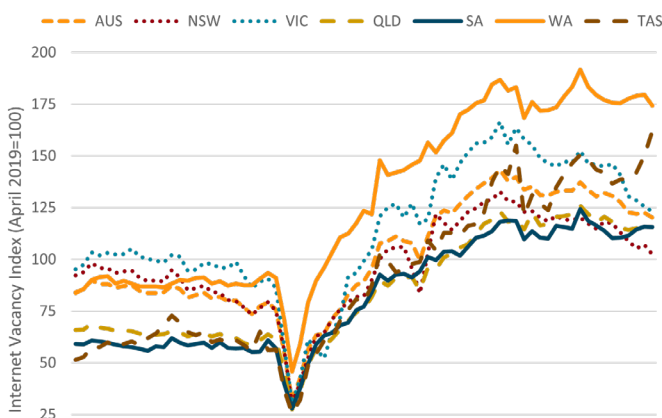
Average hours declined in all states apart from QLD and TAS, with a 0.6 per cent increase to 137.3 hours in the former case, and by 0.8 per cent to 130.4 hours for the latter. NT workers continued to work the most hours out of the states and territories, with 141.2 average hours per worker over the month. SA saw the largest decline in hours of all states and territories, with a 3.8 per cent drop to just 126.9 hours per worker. And finally in WA, hours fell by 2.9 per cent to 134.1 hours per worker.

Table 3: Change in Internet Vacancy Index, by Occupation: December 2023 to January 2024

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	-2%	-4%	-0%	-0%	-2%	-3%	+10%	-10%	+0%
Professionals	-2%	-8%	-1%	-2%	+11%	-0%	+21%	+12%	-3%
Technicians And Trade Workers	-5%	-7%	-5%	-1%	-9%	-6%	+4%	-4%	+15%
Community And Personal Service Workers	-1%	-5%	-0%	+3%	-1%	-5%	-7%	+13%	+7%
Clerical And Administrative Workers	+0%	-3%	-2%	+2%	-1%	+3%	+18%	+37%	+5%
Sales Workers	+0%	+0%	-2%	+0%	-0%	+1%	-3%	+4%	-5%
Machinery Operators And Drivers	-4%	-2%	-3%	-1%	-6%	-12%	-3%	+11%	+3%
Labourers	+2%	+5%	-0%	+1%	-2%	-0%	+17%	+3%	+22%
Total	-2%	-5%	-2%	-0%	-0%	-3%	+8%	+6%	+2%

Notes: Seasonally adjusted values are used.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

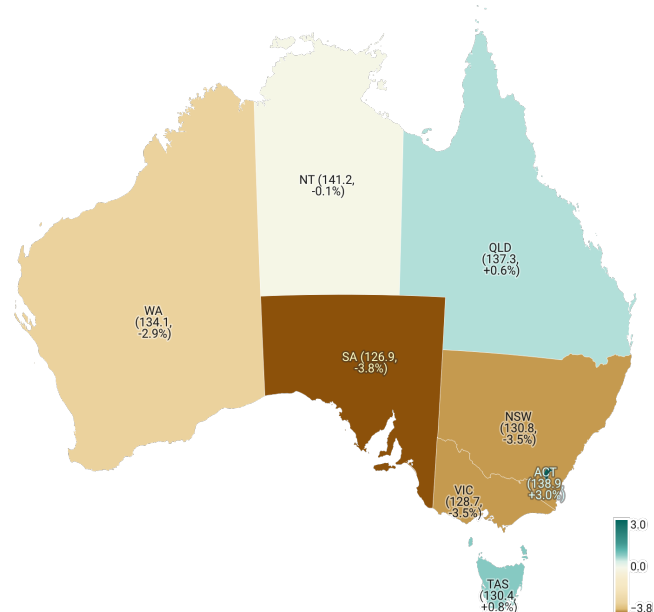
Figure 5: Internet Vacancy Index by state: January 2018 to January 2024



Notes: Seasonally adjusted values are used. ACT and NT figures are not shown.
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

Figure 6: Average monthly hours worked: states and territories

Average monthly hours - Australia (131.8, -2.5%)



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

Labour market dynamics

Key takeaways

- There was a net outflow of 319,700 persons from the labour force.
- Roughly equal net outflows of 164,500 persons from part-time work and 161,000 persons from full-time work.
- 1.5ppt increase in youth unemployment; driven by the eastern states.

A net count of 319,700 more people left the labour force in January 2024 on flows measures (Figure 7), one of the largest outflows in the net flows series since its inception. Both full- and part-time workers contributed to this change, with a net 161,000 full-time workers leaving the labour force after the holiday period alongside a net 164,500 part-time workers.

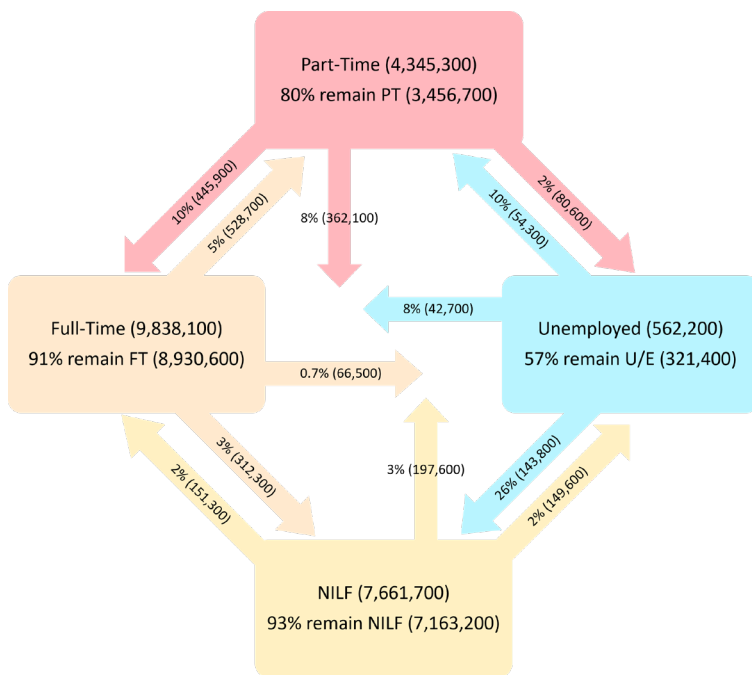
Just under 150,000 people moved from non-participation to unemployment over the month, balanced by around 143,800 unemployed people who left the labour force.

The national youth unemployment rate rose by 0.2ppt to 9.4 per cent over the month of January, driven primarily

by growing youth unemployment in the eastern states (Figure 8). NSW saw the largest overall increase, with a 0.7ppt jump to 8.4 per cent in January compared to the month prior. Youth unemployment also increased by 0.3ppt in QLD, to 10.2 per cent, putting the state in a tie with WA for the second highest youth unemployment rate out of all states and territories.

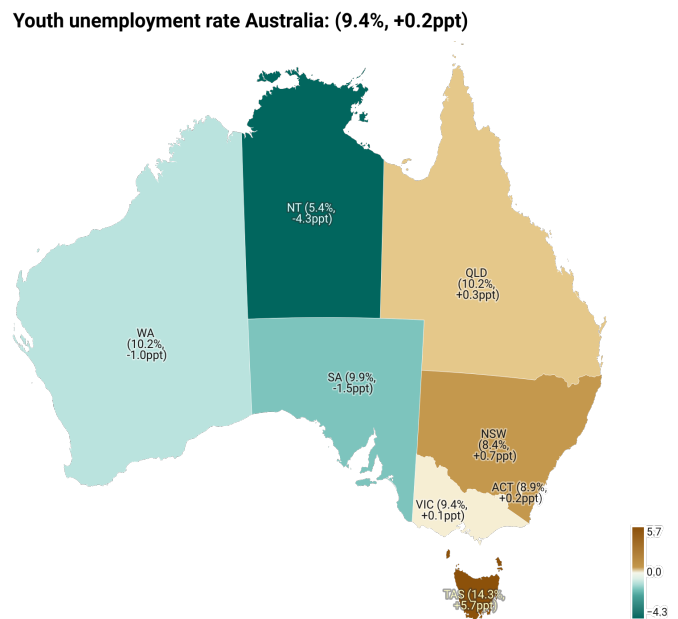
The youth unemployment rate for TAS rose by a dramatic 5.7ppt according to ABS figures, but it's worth treating this movement with some caution - the upswing may just be statistical noise stemming from a low resident population.

Figure 7: AUS labour force flows: December 2023 to January 2024



Notes: The ABS labour market flows series is based on a matched sample of respondents who are present in the labour force survey in two consecutive months. Around 76% of ABS survey respondents in December 2023 were also present in the January 2024 survey. Due to rounding and scaling, figures may not match totals from elsewhere in this MLMU. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0, Table 23 & Pivot table GM1.

Figure 8: Youth unemployment rate: monthly change, states and territories



Notes: Seasonally adjusted values are used. Figures show change from December 2023 to January 2024. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Trends in employment by industry

Key takeaways

- Employment in the health care and social assistance sector rose by 160,100 over the year to November 2023.
- Accommodation and food services faced the largest reduction in employment, down 65,600 workers over the year.
- Health care workers grew particularly quickly in WA, increasing 15.9 per cent over the year to November.

Detailed quarterly data released by the ABS at the end of January allow us to take stock of changes in employment by industry sector over the year to November 2023.

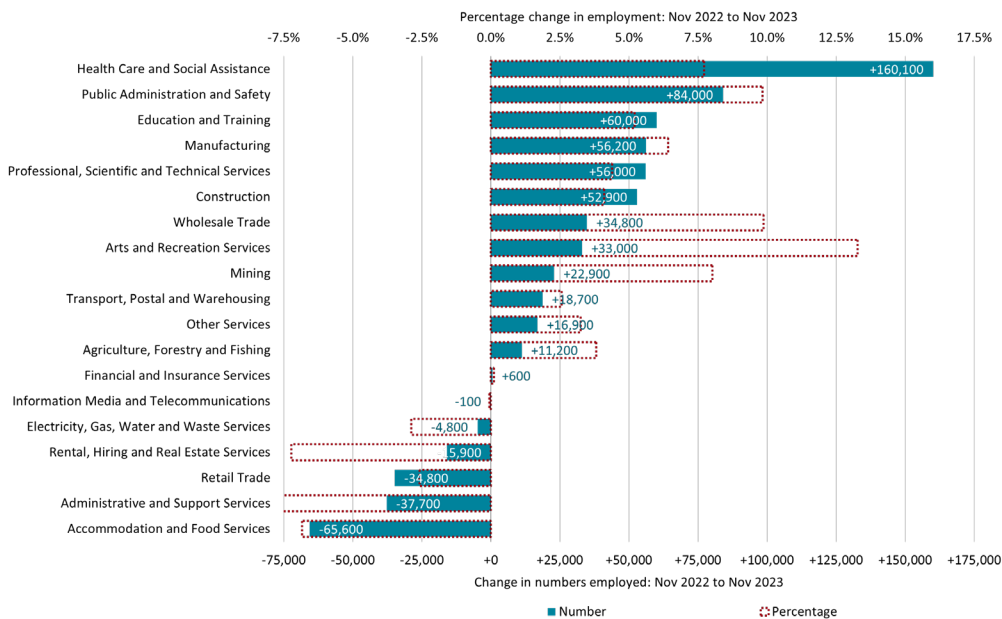
Health care and social assistance was once again the fastest growing industry sector in terms of employment counts over the year to November 2023, with an additional 160,100 workers nationally equating to growth of 7.5 per cent over the year.

In share terms, the fastest growing industry nationally was art and recreation services with a workforce that rose by 13.3 per cent over the year. Meanwhile, the accommodation and food services industry saw employment decline by 65,600 workers, the most out of any industry division, though administrative and support services saw a larger decline in share terms (down 8.1%).

Employment growth in the health care and social assistance sector was especially pronounced in NSW (up 40,200 workers), VIC (+62,000), SA (+18,300) and WA (+32,100). The number of people working in education and training rose by 31,200 workers in VIC and by 14,400 workers in WA over the year to November. The public administration and safety workforce in NSW rose by around 37,700 over the past year.

In terms of losses, retail trade saw the largest decline in NSW (down 28,600 workers) as well as VIC (down 11,800 workers). The number people employed in agriculture, forestry, and fishing services fell by 9,900 workers in WA and by 2,300 in TAS.

Figure 9: Employment change by industry, Australia, year to November 2023

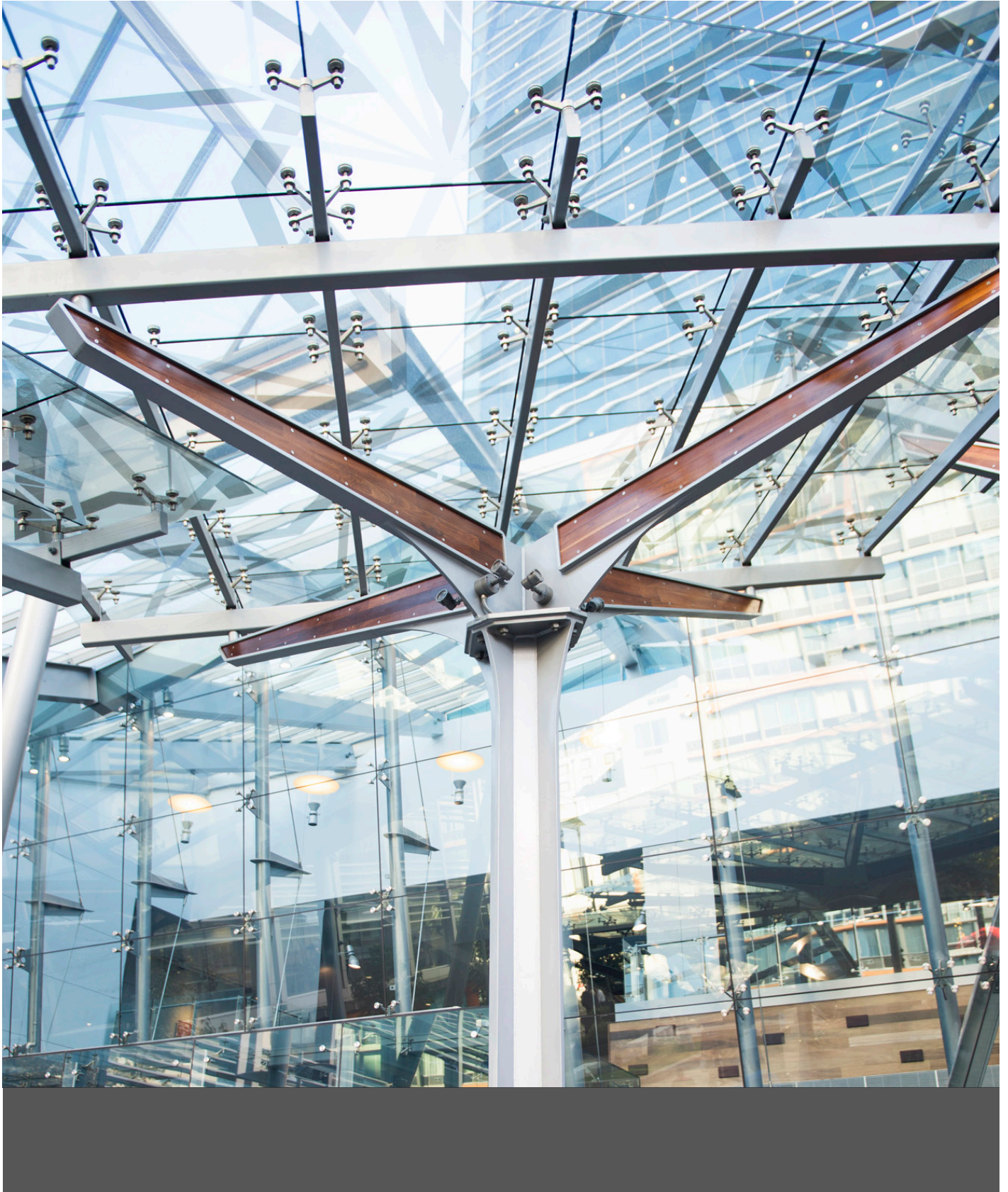


Notes: Seasonally adjusted values are used. ACT and NT figures are not shown. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

Table 4: Top and bottom three industries by employment growth and state, year to November 2023

Rank	NSW	VIC	QLD	SA	WA	TAS
Top Performers						
1	Health Care and Social Assistance +40,200 [+6.4%]	Health Care and Social Assistance +62,000 [+11.5%]	Transport, Postal and Warehousing +24,100 [+11.5%]	Health Care and Social Assistance +18,300 [+11.6%]	Health Care and Social Assistance +32,100 [+15.9%]	Administrative and Support Services +2,600 [+43.1%]
2	Public Administration and Safety +37,700 [+15.7%]	Education and Training +31,200 [+9.9%]	Construction +23,900 [+9.1%]	Professional, Scientific and Technical Services +8,100 [+12.6%]	Education and Training +14,400 [+11.9%]	Construction +2,400 [+9.6%]
3	Manufacturing +32,800 [+12.5%]	Professional, Scientific and Technical Services +26,400 [+7.6%]	Professional, Scientific and Technical Services +16,200 [+7.4%]	Retail Trade +7,700 [+8.6%]	Other Services +13,400 [+22.4%]	Public Administration and Safety +1,900 [+8.8%]
Bottom Performers						
19	Retail Trade -28,600 [-6.7%]	Rental, Hiring and Real Estate Services -12,200 [-21.1%]	Administrative and Support Services -12,800 [-12.3%]	Accommodation and Food Services -13,400 [-20.1%]	Agriculture, Forestry and Fishing -9,900 [-28.0%]	Retail Trade -3,500 [-11.9%]
18	Accommodation and Food Services -27,500 [-8.8%]	Retail Trade -11,800 [-3.3%]	Accommodation and Food Services -11,700 [-5.8%]	Education and Training -11,700 [-14.6%]	Administrative and Support Services -6,100 [-11.9%]	Health Care and Social Assistance -2,400 [-5.0%]
17	Transport, Postal and Warehousing -15,200 [-5.8%]	Financial and Insurance Services -10,700 [-5.9%]	Retail Trade -9,400 [-3.1%]	Other Services -5,500 [-12.6%]	Mining -5,700 [-3.8%]	Agriculture, Forestry and Fishing -2,300 [-14.6%]

Notes: Original values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6291.0.55.003 Table 5. The BCEC Monthly Labour Market Update is based on estimates from the ABS monthly labour force survey. These estimates are subject to sampling variability.



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