

July 2024

**BCEC**

Bankwest Curtin Economics Centre

# LABOUR MARKET UPDATE

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

- Unemployment rate rises to 4.2 per cent in July, but continued surge in jobs growth the real story.
- Participation hits all-time highs for persons overall (67.1%) and for women (63.2%).
- Results strongly affected by apparent variability in estimates for NSW.

## **'Fullticipation': a new economic term for the state of the Australian labour market?**

Like last month, the rise in the unemployment rate will capture the headlines but, for our money, the surge in participation and full-time employment are the key takeaways from July's labour force figures. The total number of employed persons increased by 58,200 persons for the month, and that's just part of the story. Part-time employment fell slightly, with the growth wholly due to a surge in full-time jobs of 60,500, or 0.6 per cent for the month, and pushing the estimated number of full-time jobs in the economy past the 10 million mark for the first time.

Participation rates also broke new ground. The female, male, and overall participation rates each increased by 0.2 percentage points. This pushed the female and overall rates to record highs of 63.2 per cent and 67.1 per cent, respectively. At 71.2 per cent, male participation was also the highest it has been for over eight years (since January of 2016).

The increase in full-time work was shared relatively evenly between men and women, but part-time work also increased for women (+15,800 jobs) while falling for men (-18,100 jobs). This has opened up a wedge in unemployment rates by gender, with the male unemployment rate jumping 0.4 percentage points to 4.5 per cent, and the female unemployment rate dropping to 3.9 per cent.

Other measures for July point to some tightening in the labour market. Aggregate hours worked increased by 0.4 per cent and underemployment fell. The employment to population ratio rose 0.1 ppt to 64.3 per cent, just shy of the all-time high of 64.4 per cent set in November of last year. The Internet Vacancy Index fell 3.7 per cent for the month, but falling vacancies have not been translating into falling employment for some time. The count of vacancies advertised on the Internet fell by 23.1 per cent over the 12 months to July, while employment grew by a solid 3.2 per cent.

Along with ongoing strong immigration, it's rising participation that's pushing the unemployment rate up despite solid jobs growth. Over the long run, the participation rate has been trending up gradually as rising

female participation has more than offset declining male participation. Post-COVID, however, the male rate has also been trending up. That rising participation can't continue indefinitely.

We must be approaching a point of 'fullticipation', the maximum sustainable rate of participation. At that point, the participation rate - most likely the male rate - is likely to start to fall again. That could push the unemployment rate back down, or at least moderate ongoing increases. Note the Treasury's budget forecast for the participation rate in 2024-25 is 66.5 percent, 0.6 percentage points below the current level.

On a note of caution, the July figures may have been affected by some statistical volatility, particularly for NSW. An increase of 48,200 jobs in that State equates to monthly employment growth of 1.1 per cent, or an unrealistically high annualised rate of 13.8 per cent. This may have largely resulted from estimates of the participation rate, with the participation rate up by 0.6 percentage points overall, and a full 1.0 percentage point for females.

## **What does all this mean for interest rates?**

The Reserve Bank left rates on hold after their July 6 Board meeting. The wage price index, released after that decision, shows wage costs increasing by 0.8 per cent in the June quarter, and 4.1 per cent over the year. While this was broadly in line with expectations, it's not in line with underlying inflation dropping below 3 per cent. The RBA's Statement on Monetary Policy indicates the current pace of growth in wage costs is inconsistent with inflation returning to its target band, save for a pick-up in labour productivity.

We are still of the view that the series of strong jobs numbers will be increasing the likelihood the next move in the cash rate will be up rather than down. This will be particularly so if the unemployment rate does begin to fall again as the participation rate returns to trend. There will only be one more set of monthly labour force figures and, critically, the June GDP figures released before they meet again in late September. Continued international economic uncertainty may also have them reluctant to raise rates further.

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## Labour market fundamentals

## Key takeaways

- Nationally, the number of employed persons has continued to grow, with 58,200 more workers in July 2024.
- Monthly changes in national employment show an increase of 0.7 per cent for women and 0.1 per cent for men.
- The labour force participation rate in Australia increased by 0.2ppt, setting a new record high at 67.1 per cent.

Nationally, employment continued to grow, with 58,200 more employed persons over the month to July 2024 (Table 1). Results were primarily driven by an increase in full-time employment by 60,500 extra workers, with VIC leading the way with 32,600 more persons, followed by NSW (+25,100) and WA (+2,400). Results were offset by QLD which saw a major drop by 19,800 full-time workers. Part-timers in Australia saw a decrease of 2,300 workers. For year-on-year results, total employment saw a 3.2 per cent increase nationally compared to July 2023, with major increases in WA (4.6%), followed by NT (4.1%) and NSW (3.4%).

Monthly changes in national employment show an increase of 0.7 per cent for women and 0.1 per cent for men in July 2024 (Figure 1). Growth in women's employment was a result of a 0.8 per cent increase in full-time positions and 0.5 per cent increase in part-time positions. Meanwhile, men saw a 0.5 per cent increase in full-time employment and a 1.2 per cent drop for part-time employment. At the state level, full-time employment for women increased the most in the NT, increasing by 2.7 per cent, followed by NSW and VIC

with a 1.4 per cent increase each. Part-time employment for women increased the most in WA by 3.2 per cent, followed by NSW with a 2.5 per cent increase. It should be noted that estimates for part-time employment tend to be more volatile due to smaller sample sizes, particularly in the less populous states and territories.

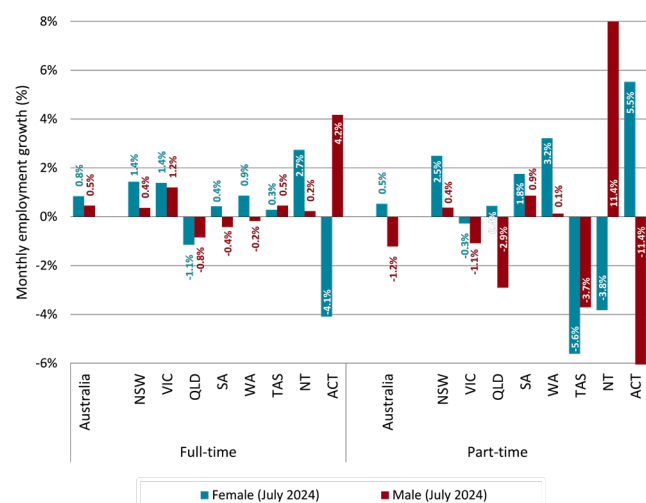
The labour force participation rate in Australia increased by 0.2ppt, setting a new record high at 67.1 per cent. This result was driven by increases in both male and female participation by 0.2ppts each, to a 71.2 per cent rate for males and 63.2 per cent for females. Female participation saw mixed results across states, with major increases in NSW (+1.0ppts to 63.1%), WA (+0.8ppts to 64.6%) and SA (+0.6ppts to 58.3%), countered by drops in TAS (-1.4ppts to 57.1%) and QLD (-0.3ppts to 63.9%). Male participation saw major increases in NT (+0.9ppts to 73.9%) and VIC (+0.6ppts to 73.4 per cent). Male results were offset by a 0.7ppt drop in QLD to 69.6 per cent.

Table 1: Employment changes – states and territories

	Employed Persons ('000)	Change from:				Change from June 2024 ('000)		Change (%) from July 2023	
		July 2024	June 2024 ('000)	Rank	July 2023 (%)	Rank	Full-Time	Part-time	Full-Time
Australia	14,469.6	+58.2	---	▲ +3.2%	---	+60.5	-2.3	▲ +2.1%	▲ +5.8%
NSW	4,501.7	+48.2	1	▲ +3.4%	4	+25.1	+23.1	▲ +1.5%	▲ +8.2%
VIC	3,776.8	+26.3	2	▲ +3.3%	5	+32.6	-6.3	▲ +2.8%	▲ +4.5%
QLD	2,930.1	-25.5	8	▲ +3.6%	3	-19.8	-5.6	▲ +2.5%	▲ +6.1%
SA	943.7	+4.1	4	▲ +0.0%	7	-0.7	+4.7	▼ -3.1%	▲ +6.2%
WA	1,621.6	+13.4	3	▲ +4.6%	1	+2.4	+11.0	▲ +5.1%	▲ +3.7%
TAS	279.0	-4.5	7	▼ -1.5%	8	+0.7	-5.2	▼ -2.1%	▼ -0.4%
NT	141.0	+2.0	5	▲ +4.1%	2	+1.5	+0.4	▲ +3.1%	▲ +7.8%
ACT	271.0	-0.4	6	▲ +3.2%	6	+0.6	-1.0	▲ +3.4%	▲ +2.6%

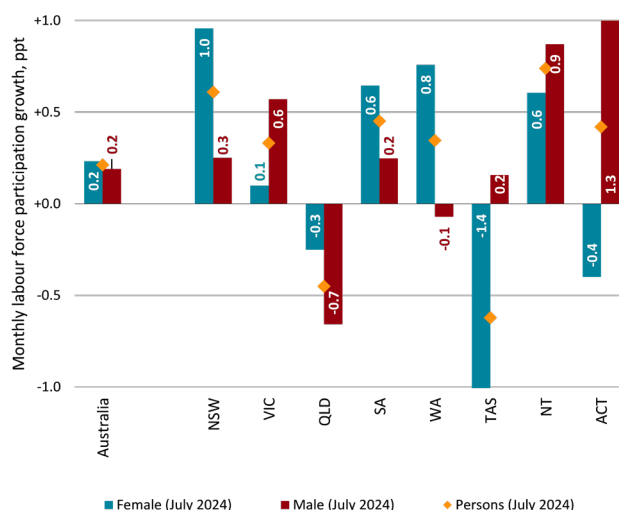
Notes: Seasonally adjusted values are used.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

Figure 1: Employment growth by state and gender



Notes: Seasonally adjusted values are used. Figures show change from June 2024 to July 2024. ACT and NT estimates 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 June 2024 to July 2024.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0.

## Underemployment and unemployment

### Key takeaways

- In July 2024, Australia's National unemployment rate rose 0.1ppt to 4.2 per cent.
- National unemployment rate increased 0.4ppt for men and fell -0.1ppt for women.
- The underemployment ratio sat at 6.6 per cent, decreasing a 0.1ppt.

In July 2024, Australia's national unemployment rate rose 0.1ppt to 4.2 per cent in July 2024 (Table 2), with an increase of 23,900 more unemployed persons. Most states experienced a rise in unemployment, with QLD recording the highest increase by 12,100 more persons unemployed, up 0.4ppt to a 4.3 per cent unemployment rate. NSW came second with 5,000 more persons, up 0.1ppt to a 4.0 per cent rate, and SA third with 4,500 more persons, increasing 0.4ppt to a 4.3 per cent rate. In contrast, NT saw a decrease of 300 unemployed persons, dropping 0.3ppt to a 4.3 per cent unemployment rate.

The national unemployment rate among women dropped 0.1ppt to 3.9 per cent (Figure 3), with 6,400 fewer women unemployed. At the state level, much of this difference was driven by VIC with 3,900 fewer unemployed women (-0.2ppt to 4.6%) and WA with 3,000 fewer unemployed women (-0.4ppt to 3.4%). Meanwhile, the national unemployment rate for men increased 0.4ppt to 4.5 per cent, with roughly 30,300 more unemployed men.

Most states reflected significant jumps in the number of unemployed men, with major increases in the eastern states, with QLD leading the way with an increase of 7,700 more unemployed men, followed by VIC (+6,500) and NSW (+5,700).

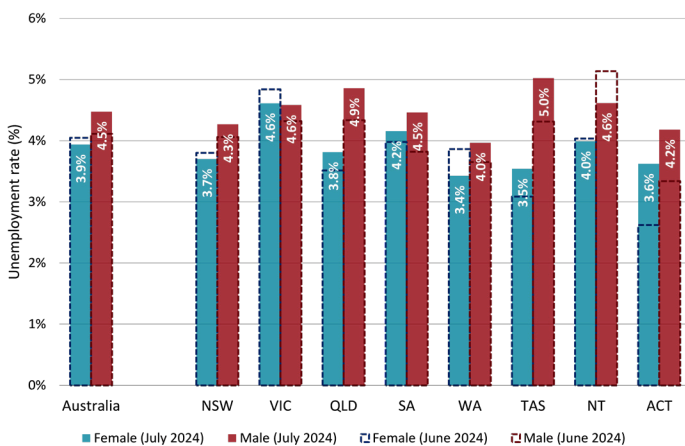
The underemployment ratio sat at 6.6 per cent, decreasing 0.1ppt in July 2024 (Figure 4). Across gendered lines, the male ratio decreased 0.2ppt (to 5.4 per cent reporting underemployment), while women remained virtually unchanged at 7.9 per cent. At the state level, the underemployment ratio among women grew the most in NT (+1.1ppt to 4.8 per cent), followed by SA (+0.7ppt to 9.9 per cent) and WA (+0.6ppt to 7.3 per cent). However, results were offset by TAS with a 0.8ppt drop in reported underemployment for women, to a ratio of 7.9 per cent as well as a 0.1ppt drop in VIC and QLD to rates of 8.6 per cent and 8.2 per cent, respectively.

Table 2: Unemployment rates and changes: states and territories

	Unemployment Rate		Change (ppt) from:		Unemployed ('000)		Change ('000) from:	
	July 2024	Rank	June 2024	July 2023	July 2024	June 2024	July 2023	
Australia	4.2%	--	▲ +0.1	+0.5	637.1	▲ +23.9	+94.9	
NSW	4.0%	3	▲ +0.1	+0.7	187.4	▲ +5.0	+37.6	
VIC	4.6%	8	▲ 0.0	+0.9	182.0	▲ +2.6	+42.8	
QLD	4.3%	7	▲ +0.4	0.0	133.2	▲ +12.1	+5.9	
SA	4.3%	6	▲ +0.4	+0.4	42.6	▲ +4.5	+3.8	
WA	3.7%	1	0.0	+0.3	62.5	▼ -0.1	+7.4	
TAS	4.3%	5	▲ +0.6	-0.3	12.6	▲ +1.6	-1.1	
NT	4.3%	4	▼ -0.3	-0.4	6.3	▼ -0.3	-0.4	
ACT	3.9%	2	▲ +0.9	+0.1	11.0	▲ +2.7	+0.6	

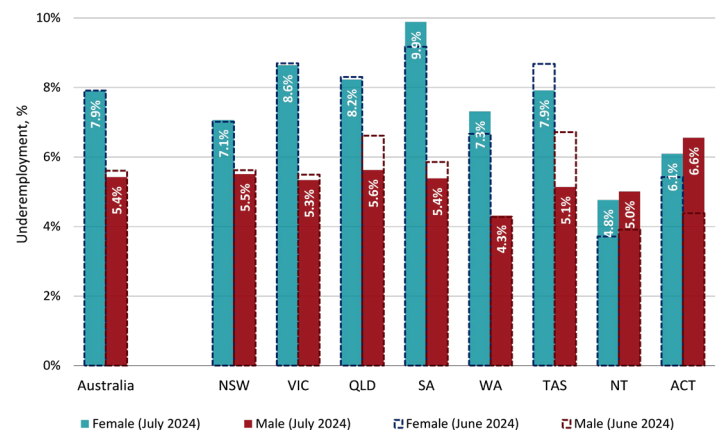
Notes: Seasonally adjusted values are used. State and territory numbers of unemployed people do not sum to the figures for Australia due to ABS seasonal adjustment methods.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

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.  
Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No 6202.0

Strength of the labour market

Key takeaways

- Internet vacancies fell by 3.7 per cent over July.
- Vacancies up 0.4 per cent for labourers but declined for all other occupations.
- No significant change in average hours of work per worker.

Nationally, the Internet Vacancy Index fell by 3.7 per cent in July 2024, to be 23.1 per cent down over the past 12 months. Every state and territory save for the NT saw a decline in vacancies over the month; VIC in particular saw the largest decline with a 7.0 per cent drop from June to July. Following VIC was SA, which saw a 4.3 per cent drop in vacancies, and NSW, which saw a 3.3 per cent drop. TAS saw the lowest decline in vacancies with just a 1.9 per cent fall, whilst WA sat in the middle of the pack with a 2.4 per cent decline in advertised vacancies.

Across occupations, labourers were the only group to see an increase in advertised vacancies this month, and with only a 0.4 per cent rise at that, compared to sales workers, which saw a 6.1 per cent decline in advertised online vacancies, driven by an 8.1 per cent decline in VIC and 7.1 per cent decline in NSW. Growth in demand for labourers was driven primarily by NSW, where they saw a 2.6 per cent increase in vacancies, alongside a 0.5 per cent increase in vacancies for machinery operators and drivers. In WA, labourers only saw a 0.1 per cent increase in vacancies, but

technicians and trade workers saw a 0.3 per cent increase in vacancies as well. The largest decline in occupations at the state level was a 10.8 per cent drop in vacancies for professionals in SA.

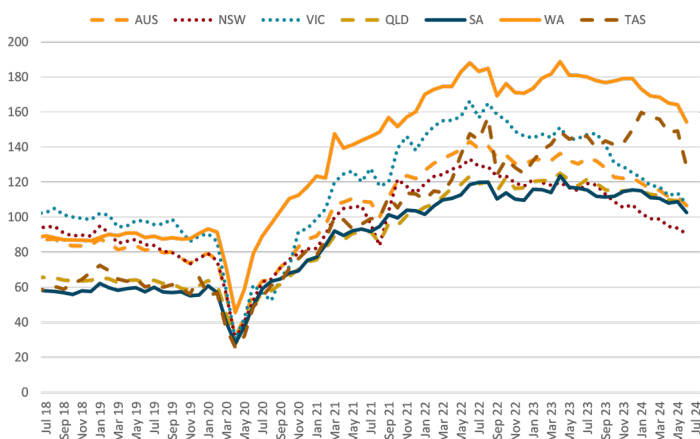
Monthly hours worked per worker saw no notable net change at the national level in July, with increased average hours in some states countered by declines in others. In particular, average monthly hours fell the most in WA this month, declining by 1.0 per cent to 139.5 monthly hours worked (still remaining the state with the highest number of hours worked on average), alongside a 0.8 per cent decline in hours worked in NSW (134.4 hours worked) and the ACT (134.2 hours worked), and a 0.3 per cent decline in VIC (133.7 hours worked). This was entirely counterbalanced by increased hours worked in QLD (+1.7 per cent to 138.8 hours per month), TAS (+0.9 per cent to 129.8 hours), and SA (+0.3 per cent to 131.9 hours), along with a 2.2 per cent jump in hours worked in the NT (146.1 hours).

Table 3: Change in Internet Vacancy Index, by Occupation: June 2024 to July 2024

Major Occupation Group	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Managers	-4.2%	-4.5%	-7.8%	-2.6%	+0.2%	-4.1%	+20.5%	+7.6%	-11.0%
Professionals	-5.6%	-6.3%	-8.5%	-2.6%	-10.8%	-3.1%	-4.6%	+7.7%	-8.8%
Technicians And Trade Workers	-0.3%	-2.0%	-3.3%	+1.0%	-2.6%	+0.3%	-3.7%	+5.4%	+2.1%
Community And Personal Service Workers	-1.6%	-0.7%	-4.4%	-1.4%	-2.5%	-6.1%	-5.9%	+12.5%	+6.2%
Clerical And Administrative Workers	-4.2%	-3.8%	-7.7%	-3.1%	-1.8%	-1.3%	-5.4%	+4.1%	-5.6%
Sales Workers	-6.1%	-7.1%	-8.1%	-4.8%	-3.6%	-5.7%	+3.6%	-0.2%	-5.3%
Machinery Operators And Drivers	-2.6%	+0.5%	-7.8%	-3.0%	-4.1%	-4.0%	+5.3%	+23.4%	-3.5%
Labourers	+0.4%	+2.6%	-4.8%	+0.7%	-4.7%	+0.1%	-5.7%	+16.1%	-5.0%
Total	-3.7%	-3.3%	-7.0%	-2.0%	-4.3%	-2.4%	-1.8%	+7.7%	-6.0%

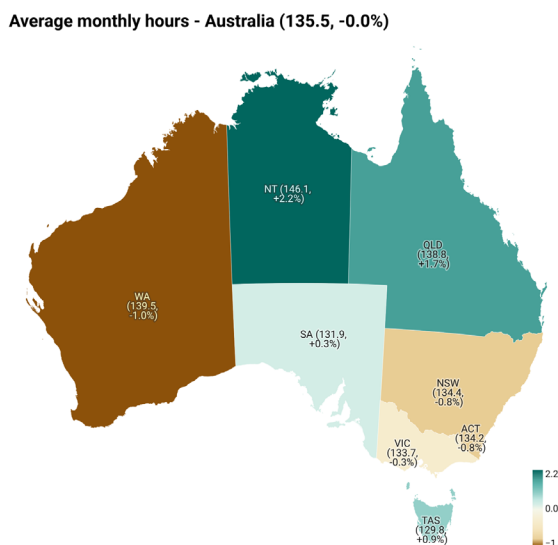
Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Government, Jobs and Skills Australia.

Figure 5: Internet vacancy index, by state: July 2018 to July 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



Source: Bankwest Curtin Economics Centre | Authors' calculations from ABS labour force data • Created with Datawrapper

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

**Labour market dynamics****Key takeaways**

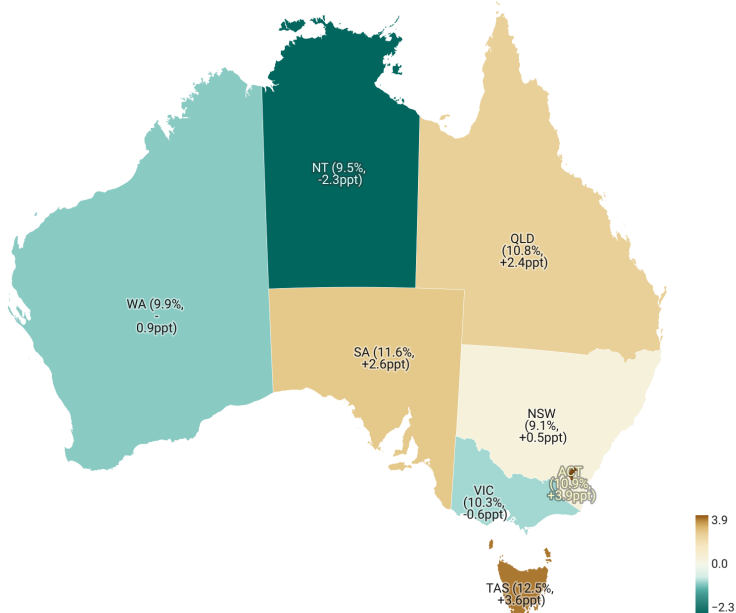
- Youth unemployment grew by 0.7ppt nationally.
- Counter to the national trend, youth unemployment down 0.9ppt in WA.

Following the overall rise in the unemployment rate this month, youth unemployment saw an increase of 0.7 percentage points between June and July 2024, rising to a rate of 10.1 per cent nationally. Much of this increase was driven by SA (+2.6ppt to 11.6 per cent), QLD (+2.4ppt to 10.8 per cent), and NSW (+0.5ppt to 9.1 per cent).

However, TAS saw a notable 3.6 ppt jump to a country-wide high youth unemployment rate of 12.5 per cent. WA's youth unemployment rate, meanwhile, declined 0.9 percentage points to 9.9 per cent, alongside VIC (-0.6ppt to 10.3 per cent).

Figure 7: Youth unemployment rate: monthly change, states and territories

**Youth unemployment rate Australia: (10.1%, +0.7ppt)**



Source: Bankwest Curtin Economics Centre | Authors' calculations from ABS labour force data • Created with Datawrapper

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

Wages and earnings

Key takeaways

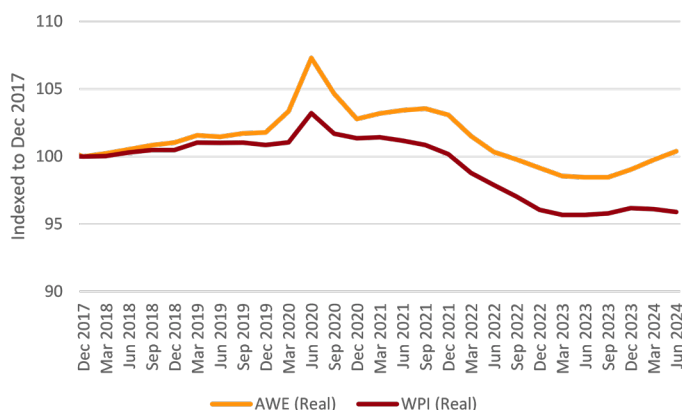
- Nationally, the real wage price index (WPI) increased by 0.8 per cent in the June quarter, equating to a 0.2 per cent decrease in wage costs in real terms.
- Real average weekly earnings (AWE) were flat in the six months to May 2024, but up by 0.8 per cent over the year.
- With reported high participation and wage growth tracking earlier CPI growth, interest rate cuts are unlikely in the immediate future.

Two key indicators of wages growth were released in the first half of July. Average ordinary time earnings for adults stood at \$1,923 per week for May 2024. After adjusting for inflation this equated to slight fall in real AWE from November 2023, but a 0.8 per cent increase from May 2023. The quarterly WPI provides a more direct measure of wage costs facing employers. In nominal terms, the WPI increased by 0.8 per cent in the June quarter and 4.1 per cent over the year. This equates to a real decline of 0.2 per cent in wage costs in the June quarter, but a modest 0.2 per cent annual increase. Figure 8 highlights the recent divergence in these two measures: AWE can increase if workers move from lower paid to higher paid jobs, whereas the WPI compares changes in wages in ‘like’ jobs and therefore controls for such compositional changes.

Over the past year, the states have seen a convergence in price and wage inflation, as the CPI has tracked downwards and the WPI has increased as wages try to keep pace with earlier price rises (Figure 9). TAS, ACT, NT, and QLD all returned to positive real annual wage growth in the June quarter 2024, with WPI growth exceeding their respective state inflation rates.

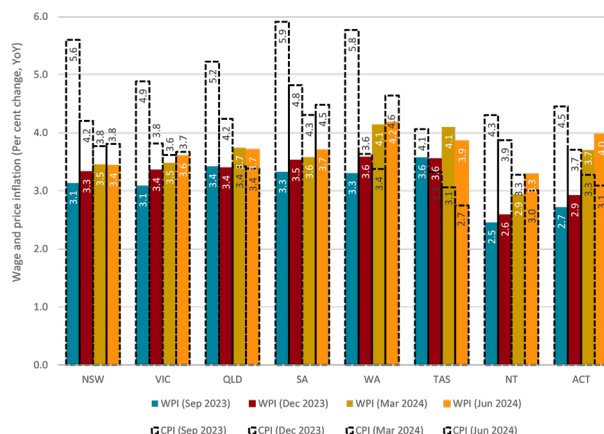
While wages and wage costs were relatively flat in real terms in the June quarter, the rate of increase in the nominal WPI at 4.1 per cent over the year will provide little comfort for the Reserve Bank. The fact that wage rises appear to be tracking earlier inflation will make it more difficult to reign inflation back to the 2-3 per cent target range, particularly while jobs growth and participation remain strong.

Figure 8: Real WPI and AWE, indexed, 2017 to 2023, Australia

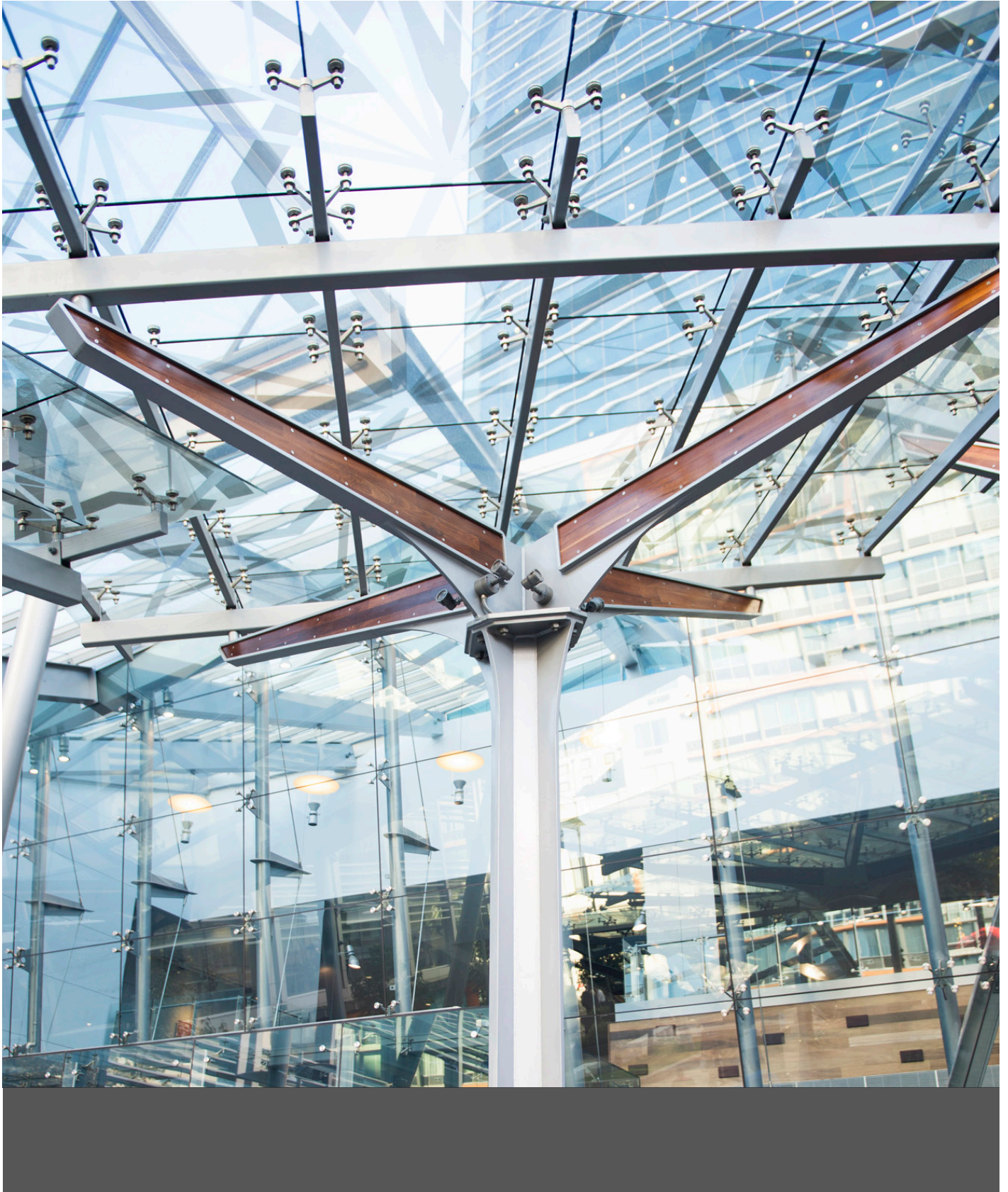


Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6401 Table 1, Cat No. 6302 Table 2, Cat No. 6345 Table 1.

Figure 9: WPI and CPI growth per annum by state. September quarter 2023 to June quarter 2024



Notes: Seasonally adjusted values are used. Source: BANKWEST CURTIN ECONOMICS CENTRE | Australian Bureau of Statistics Cat No. 6401 Table 5, Cat No. 6345 Table 26b.



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