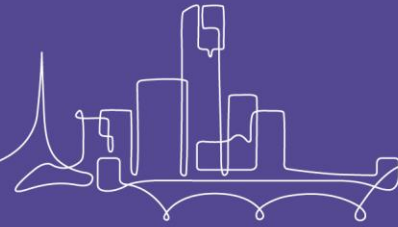


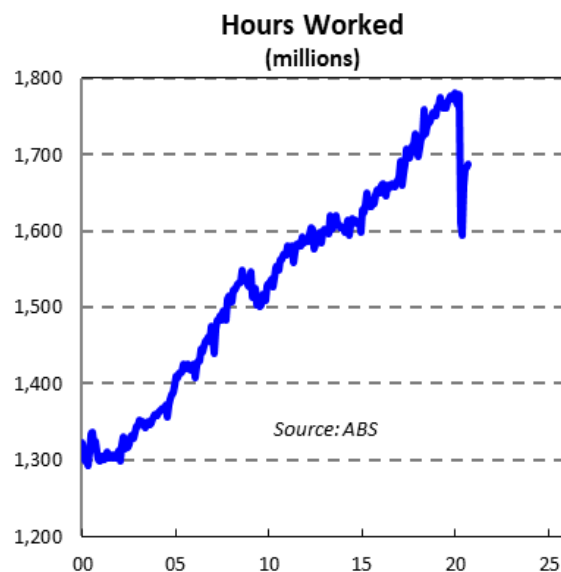


Friday, 9 October 2020



Labour Force A Step Backwards

- After strong gains in August, employment took a step backwards in September. August saw a revised 129.1k jobs created while September saw the loss of 29.5k jobs.
- The bulk of the job losses occurred in Victoria where lockdowns continue to put the brakes on economic activity. Victoria saw the loss of 35.5k jobs, a decline of 1.1% on a month earlier. There were job gains in Queensland (32.2k), South Australia (8.7k), Western Australia (2.9k) and NSW (3.3k). Tasmania saw job losses of 2.5k.
- Even though 29.5k jobs were lost in September, work done rose by 8.7 million hours. While that sounds a lot, Australians worked over 1,680 million hours in September.
- The underemployment rate increased to 11.4% in September from 11.3% in August.
- COVID-19 continues to wreak havoc on employment and on the employment statistics. We need to keep in mind that around 800k people remain on JobKeeper payments. Had this policy not been in place, the unemployment rate would have been in the low teens.
- While both the Budget and Reserve Bank policy have job creation as their primary focus, there is still a long way to go. We may be on the road to recovery, but the journey has only just begun – and in September we took a wrong turn.



After strong gains in August, employment took a step backwards in September. August saw a revised 129.1k jobs created while September saw the loss of 29.5k jobs. Over two months this is still a solid result, but the loss of jobs is always disappointing.

As jobs were lost, so the unemployment rate ticked up. The unemployment rate rose to 6.9% in September from 6.8% in August with the participation rate steady at 64.8%.

Of the 29.5k jobs lost, 20.1k were full-time jobs and 9.4% were part-time jobs.

Unsurprisingly, the bulk of the job losses occurred in Victoria where lockdowns continue to put the brakes on economic activity. Victoria saw the loss of 35.5k jobs, a decline of 1.1% on a month earlier. There were job gains in Queensland (32.2k), South Australia (8.7k), Western Australia (2.9k) and NSW (3.3k). Tasmania saw job losses of 2.5k.

COVID-19 continues to wreak havoc on employment and on the employment statistics. We need to keep in mind that around 800k people remain on JobKeeper payments. Had this policy not been in place, the unemployment rate would have been in the low teens.

While both the Budget and Reserve Bank policy have job creation as their primary focus, there is still a long way to go. We may be on the road to recovery, but the journey has only just begun – and in September we took a wrong turn.

The unemployment figures in today's release run counter to expectations. Victoria, with its 'second wave' of COVID-19 cases and harshest lockdowns has the lowest unemployment rate of the states coming in at 6.7%, the same as in Western Australia. How can this be? The answer lies in Victoria's participation rate which is at 63.0% compared to 67.7% in Western Australia and 65.4% in NSW. Many workers in Victoria are 'discouraged' and no longer record themselves as part of the labour force.

The unemployment rates in the other states were Queensland 7.7%, Tasmania 7.6%, NSW 7.2%, South Australia 7.1%, Northern Territory, 4.8% and ACT 3.8%.

Even though 29.5k jobs were lost in September, work done rose by 8.7 million hours. While that sounds a lot, Australians worked over 1,680 million hours in September. The rise in the numbers of hours worked is a step on the road to recovery but in the pre-COVID era hours worked per month were approaching 1,800 million.

There has been much comment on the impact of COVID-19 on the female workforce. In September job losses among females was 12.5k while 17.1k males lost their jobs. While these numbers may seem close, it must be remembered that participation in the work force by females is significantly lower than males and proportionally a greater share of job losses has fallen on women.

The underemployment rate increased to 11.4% in September from 11.3% in August.

Outlook

These are difficult times and the unemployment rate could move higher before it heads sustainable down. Fiscal policy is stimulatory, interest rates are at historical lows and restrictions are slowly being eased. We are at the start of a very uneven recovery and this will be reflected on the jobs market in the months ahead.

Hans Kunnen, Senior Economist

Ph: 02-8254-1316

Contact Listing

Chief Economist

Besa Deda

dedab@bankofmelbourne.com.au

(02) 8254 3251

Senior Economist

Hans Kunnen

hans.kunnen@bankofmelbourne.com.au

(02) 8254 1316

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